



Michigan Department of Natural Resources – Procurement Services
 P.O. Box 30028, Lansing, MI 48909
 OR
 525 W. Allegan, Lansing, MI 48933

CHANGE NOTICE NO. 1 TO CONTRACT NO. 751B4300005
Between
STATE OF MICHIGAN
and

Required by authority of 1984 PA 431, as amended.

Name and Address of Contractor Grayling Laundromat S & K Laundromats 1159 Robinhood Lane Grayling, MI 49738	Primary Contact Shirley VanderVeer	
	Email snkveer@yahoo.com	
	Telephone 989-348-5801	Contractor #, Mail Code 2XXXXX0220 / 005

State Contact	Agency	Name	Telephone	Email
Contract Administrator	Parks & Recreation	Mark Buchinger	989-821-6200 ext 7362	buchingerm@michigan.gov
Buyer	DNR Procurement Services	Ruth Thole	517-284-5973	tholer@michigan.gov

Initial Contract Summary			
Laundry Service for Ralph A. MacMullan Conference Center			
Effective Date 10/15/2013	Initial Expiration Date 10/31/2014	Initial Available Options Two 2-year	Expiration Date Prior to Change 10/31/2014
Payment Terms Net 30 Days	F.O.B. N/A	Delivery N/A	Shipped From N/A
Minimum Delivery Requirements N/A		Alternate Payment Options <input type="checkbox"/> P-Card <input type="checkbox"/> Direct Voucher (DV)	Available to MIDeal Participants <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Description of Change Notice	
Option Exercised: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	If Yes, New Expiration Date: <u>10/31/2016</u>
<p>Effective immediately the following changes are made to this Contract:</p> <ol style="list-style-type: none"> The first renewal option is exercised and this Contract is hereby EXTENDED through October 31, 2016. The Contract value is increased \$44,200.00. The telephone number for the Buyer is changed. The physical address for the Issuing Office (DNR) is changed to 525 W. Allegan St., Lansing, MI 48933. <p>All other terms, conditions, pricing and specifications remain the same.</p> <p>Per Agency request, Contractor agreement, and Procurement Services approval.</p>	
Value/Cost of Change Notice \$44,200.00	Estimated Revised Aggregate Contract Value \$69,100.00

FOR THE CONTRACTOR:

FOR THE STATE:

Grayling Laundromat

Shirley VanderVeer, owner
 Authorized Agent Signature
Shirley VanderVeer / Owner

 Authorized Agent and Title (Print or Type)
10-30-14

 Date

Department of Natural Resources

Laura Gyorkos
 Authorized Buyer Signature
Laura Gyorkos / Purchasing Manager
Finance & Operations

 Authorized Buyer (Print or Type)
10/30/14

 Date



Michigan Department of Natural Resources – Procurement Services
 P.O. Box 30028, Lansing, MI 48909
 OR
 530 W. Allegan, Lansing, MI 48933

**NOTICE
 OF
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 Between
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 and**

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	Email snkveer@yahoo.com	
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State Contact	DNR Agency	Name	Telephone	Email
Contract Administrator	Parks & Recreation	Mark Buchinger	989-821-6200 ext 7362	buchingerm@michigan.gov
Buyer	Procurement Services	Ruth Thole	517-335-1553	tholer@michigan.gov

Contract Summary			
Description <p align="center">Laundry Service for Ralph A. MacMullan Conference Center</p>			
Initial Term 1 Year	Effective Date 10/15/2013	Initial Expiration Date 10/31/2014	Available Options Two 2-year
Payment Terms Net 30 Days	F.O.B. N/A	Delivery N/A	Shipped From N/A
Minimum Delivery Requirements N/A		Alternate Payment Options <input type="checkbox"/> P-Card <input type="checkbox"/> Direct Voucher (DV)	Available to MiDeal Participants <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Miscellaneous Information			
ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION: \$24,900.00			

The terms and conditions of this Contract are attached.



Michigan Department of Natural Resources – Procurement Services
 P.O. Box 30028, Lansing, MI 48909
 OR
 530 W. Allegan, Lansing, MI 48933

CONTRACT NO. 751B4300005
Between
STATE OF MICHIGAN
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Name and Address of Contractor Grayling Laundromat S & K Laundromats 1159 Robinhood Lane Grayling, MI 49738	Primary Contact Shirley VanderVeer	
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State Contact	DNR Agency	Name	Telephone	Email
Contract Administrator	Parks & Recreation	Mark Buchinger	989-821-6200 ext 7362	buchingerm@michigan.gov
Buyer	Procurement Services	Ruth Thole	517-335-1553	tholer@michigan.gov

Contract Summary

Description			
Laundry Service for Ralph A. MacMullan Conference Center			
Initial Term 1 Year	Effective Date 10/15/2013	Initial Expiration Date 10/31/2014	Available Options Two 2-year
Payment Terms Net 30 Days	F.O.B. N/A	Delivery N/A	Shipped From N/A
Minimum Delivery Requirements N/A		Alternate Payment Options <input type="checkbox"/> P-Card <input type="checkbox"/> Direct Voucher (DV)	Available to MiDeal Participants <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Miscellaneous Information			

ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION: \$24,900.00

THIS IS NOT AN ORDER: This Contract Agreement is awarded on the basis of our inquiry bearing the solicitation number 0751148714B0000576. Orders for delivery will be issued directly by the Michigan Department of Natural Resources through the issuance of a Purchase Order Form.

FOR THE CONTRACTOR:

Grayling Laundromat

Firm Name

Authorized Agent Signature
Shirley VanderVeer / Owner

Authorized Agent (Print or Type)
10-19-13

Date

FOR THE STATE:

Department of Natural Resources

Signature
Ruth Thole / Buyer

Name/Title
10/21/13

Date



STATE OF MICHIGAN
Department of Natural Resources
Procurement Services

Contract 751B4300005
Laundry Service for Ralph A MacMullan Conference Center

Name: Ruth Thole
Telephone Number: 517-335-1553
E-Mail Address: tholer@michigan.gov

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Article 1 – Statement of Work (SOW)

1.01 Project Identification

1.01.1 Project Request

This is a Contract for laundry and dry cleaning services for Department of Natural Resources (DNR), Ralph A. MacMullan Conference Center (RAM Center), located at 104 Conservation Drive in Roscommon, Michigan.

1.01.2 Background

The RAM Center is a full-service conference center facility available to qualified nonprofit and public sector groups. The RAM Center offers meeting rooms, meal amenities provided by a full service kitchen, and lodging for up to 134 overnight or extended stay guests. To operate the facility and provide services to guests, bed, bath, and kitchen linens and miscellaneous sundries must be clean and available at all times. Although DNR purchases and owns all linens and sundries, an on-site laundry facility is not available.

The RAM Center is self-funded and must generate revenue to operate the facility. High quality laundry/drycleaning service is essential to maintain the RAM Center as a desirable facility for meetings and lodging.

1.02 Scope of Work and Deliverables

1.02.1 In Scope

The Contractor shall provide all personnel, equipment, tools, materials, supervision, and other items and services necessary for the laundering and drycleaning of State owned items as set forth below. Services shall include picking up soiled items from multiple locations on the RAM Center campus, laundering/drycleaning soiled items, and re-stocking clean items to appropriate location.

State owned items shall consist primarily of:

ITEM #	LAUNDRY ITEM	SIZE
Bed Linens		
1	FLAT BED SHEETS – 50%cotton/50% polyester 200 thread ct	66" x 115" (Twin)
2	FITTED BED SHEETS - 50%cotton/50% polyester 200 thread ct	Twin Long
3	PILLOW CASES – 50%cotton/50% polyester 200 thread ct	standard
4	PILLOW COVERS – 50%cotton/50% polyester 200 thread ct	standard
5	BEDSPREADS – 100% polyester	81" x 110"
6	BLANKETS – 100% acrylic	72" x 90"
7	BLANKETS, KNIT – 100% cotton color: white, color: cream	72" X 90"
8	MATTRESS PADS	38" x 76"
9	BED PILLOWS – high density foam & polyester fiber	20" x 26" standard
Bath Linens		
10	BATH TOWELS – 86%cotton/14%polyester 10.5 #/dz	24" x 50"
11	HAND TOWELS – 86%cotton/14%polyester 3 #/dz	16" x 27"
12	WASH CLOTHS – 86%cotton/14%polyester 1 #/dz	12" x 12"
13	SHOWER CURTAIN – NYLON	42" x 78"
14	SHOWER CURTAIN – VINYL	36" x 72"
Kitchen/Dining Linens		
15	BAR MOPS – terry cloth	17" x 20"
16	APRONS	
17	OVEN MITTS	
18	TABLE CLOTHS – LG cotton/poly twill	108" x 60"
19	TABLE CLOTHS – SM cotton/poly twill	42" x 90"

20	TABLE COVER – round; color: khaki	60" diameter
21	TABLE SKIRTING	29" x 120"
22	PLACEMATS – cotton; color: green color: black	22" square
Sundry Items		
23	LAUNDRY BAGS	30" x 40"
24	CLEANING CLOTHS	12" x 12"
25	CURTAINS	various sizes
26	WALL MOPS	5" x 9"
ITEM #	DRYCLEAN ITEM	SIZE
27	BLANKETS – WOOL	72" x 90"
28	CURTAINS	various sizes

1.02.2 Work and Deliverable

Contractor must provide Deliverables/Services and staff, and otherwise do all things necessary for or incidental to the performance of work, as set forth below:

Pick-up/Delivery

- (a) All items to be laundered will be placed in laundry bags by RAM Center staff. Items to be drycleaned will be kept separate, bagged and labeled appropriately.
- (b) Contractor shall pick up laundry bags containing soiled items and exchange for clean items from the previous pick up.
- (c) Pickups and deliveries shall be made two times per week, on Monday and Thursday, or as needed by RAM Center. Contractor shall be responsible to verify with the DNR Project Manager the exact time and specific pickup/delivery requirements. Pickup/delivery hours are 9:00 a.m. to 12:00 noon. Contractor must check in at front desk in Resource Building to notify RAM staff of pickup/delivery. Contractor will be advised if pickup/delivery is not necessary at all designated locations.
- (d) Pickup of bagged, soiled items shall be made at two locations (the kitchen in the Resource Building and One lodge building) and delivery of clean, laundered items shall be made to seven designated locations on the RAM Center campus - the kitchen in the Resource Building and six lodge buildings (See Attachment – Map).
- (e) All clean, laundered items shall be delivered to seven designated locations, placed in storage area or linen closets, and stocked in quantities as directed by RAM Center. All clean, laundered items must be returned and re-stocked at RAM Center; no State owned items will be stored or kept at the Contractor's facility unless otherwise requested by RAM Center.
- (f) All items shall be delivered in an acceptable condition. Acceptable condition is determined to be items are clean; tear/rip free; wrinkle free; folded in the prescribed manner; packaged and separated by item, color and size; and ready for use.
- (g) All items are to be wrapped in plastic or suitable material to keep clean for transport and storage. The following items must be wrapped with appropriate number of items per package; last package may contain less items depending upon number of items to be packaged.

ITEM	# PER PACKAGE
Flat Sheets	10
Fitted Sheets	10
Pillow Cases	50
Bath Towels	10
Hand Towels	20
Washcloths	50
Aprons	25

Bar Mops	50
----------	----

Process/Service

- (a) All items are the property of RAM Center and cannot be intermingled with any other laundry/drycleaning items at any time during service performance by the Contractor.
- (b) All items are to be sorted, inspected for stains, pre-treated where applicable, and properly laundered/drycleaned.
- (c) Soiled laundry is to be processed using conventional disinfecting methods with hot water and proper cleaning agents and sanitizers.
- (d) Special processing (pre-treatment) must be provided to adequately remove stains that include but are not limited to: mildew, rust, food, grease, cosmetic make-up, and ink.
- (e) Damaged items shall be cleaned, packaged separately, labeled and returned to RAM Center. Damaged items must be presented to DNR Project Manager or designee. Contractor shall be diligent during the sorting process and separate damaged items to assist RAM Center in determining if damage occurred while in Contractor's possession.
- (f) When necessary, RAM Center will place in bio-hazard bags soiled items known to be contaminated with blood or other potentially infectious materials. Contaminated items must be handled and laundered under the guidelines of "Universal Precautions" for infection control.
- (g) Items shall be processed in a manner that results in a wrinkle-free finish. RAM Center may request ironing/pressing of Table Covers for 60" diameter tables; ironing/pressing will be an additional charge.
- (h) Sheets shall be folded into quarters lengthwise and then in half, and quartered again. Fitted sheets must be packaged separately from flat sheets. Pillowcases shall be folded into quarters lengthwise.
- (i) Bath towels shall be folded in half lengthwise and then folded in half again. Hand towels shall be folded in half lengthwise. Washcloth towels shall be flat. White color towels and cream color towels must be separated while packaging – no mixing of colors in packages.
- (j) Cleaning cloths are washcloth towels that are no longer acceptable for guest use and must be kept separate from washcloth towels used by guests. RAM Center staff will place cleaning cloths in separate laundry bag and label appropriately for pickup by Contractor. Contractor will process cleaning cloths separately from bath linen towels and will clearly label cleaning cloth packages.
- (k) Reprocessing of unacceptable cleaned laundry shall be promptly performed by Contractor at no additional expense to the RAM Center. Items for reprocessing shall be bagged separately and appropriately labeled by RAM Center.
- (l) Where practical Contractor is encouraged to use "Green" (Environmentally Friendly) chemicals.

1.03 Roles and Responsibilities

1.03.1 Contractor Staff, Roles, and Responsibilities

- (a) Contractor shall provide all personnel necessary to provide laundry/drycleaning services for the RAM Center. Contractor shall be responsible for all administrative functions and resources related to its personnel including staff recruitment, interviewing, use of equipment, etc.
- (b) Contractor shall provide all supervision as may be necessary to oversee its personnel. Contractor shall exercise all supervisory control and general control over all day-to-day operations of his/her employees, including control over all workers duties. Contractor shall discipline his/her employees, as needed, including firing and hiring.
- (c) Contractor shall be responsible for compensation for any articles lost or damaged while in its possession, with the exception of items damaged due to normal wear. Compensation may be replacement of lost or damaged items by Contractor or may be a credit applied to the Contractor's invoice to RAM Center. RAM Center reserves the right to

replace lost or damaged items and Contractor's invoice credit will be for actual costs which will be supported by purchase receipts.

(d) Contractor shall be responsible for repair, replacement or cleanup as necessary due to carelessness or negligence on the part of Contractor and its personnel.

1.03.2 State Responsibilities

(a) RAM Center shall own all bed, bath, and kitchen linens and miscellaneous sundries to be laundered/drycleaned.

(b) Upon execution of the Contract, RAM Center shall provide Contractor a complete inventory of bed, bath, and kitchen linens and miscellaneous sundries. Inventory shall be performed periodically, not less than once per year, to determine if compensation is required from Contractor for lost or damaged items. RAM Center shall utilize industry standards for determining loss of inventory caused by guests or caused by normal wear and tear of items.

(c) RAM Center will separately bag items that may need to be kept separate from other items or may need special handling by the Contractor.

- 1) Drycleaning items
- 2) Fitted bed sheets
- 3) Cleaning cloths
- 4) Contaminated items
- 5) Items for reprocessing

(d) RAM Center shall properly handle items known to be contaminated with blood or other potentially infectious materials and will place items in a "red" bio-hazard bag to make Contractor aware of contamination.

1.04 Project Plan

1.04.1 Project Plan Management

(a) Contractor will carry out this project under the direction and control of the Project Manager for Michigan Department of Natural Resources - Ralph A. MacMullan Conference Center.

(b) Equipment failure **WILL NOT** constitute an acceptable reason for failure to provide service. Adjustments to providing this service, including any weather-related deviations, must be approved by the CCI or designated representative.

(c) Contractor shall meet with the Project Manager or designee as needed for the purpose of reviewing progress and providing necessary guidance to the Contractor in solving problems that arise.

(d) Any misrepresentation by the Contractor of its ability to perform the work described in this Contract will be grounds for immediate termination.

1.05 Acceptance

1.05.1 Criteria

The following criteria will be used by the State to determine Acceptance of the Services or Deliverables provided under this SOW:

(a) Pickups and deliveries must be according to schedules determined by RAM Center and within specified times as stated in the ITB.

(b) Delivery ticket must be provided to DNR Project Manager or designee.

(c) Items will be delivered wrapped in plastic. When RAM Center is ready to use cleaned items, items will be unwrapped and inspected. Items will be checked for cleanliness, wrinkling, proper folding, and damage.

- 1) Soiled items will be bagged for reprocessing at no charge.
- 2) Damaged items will be closely inspected and evaluated. RAM Center will make a determination if damage was caused by Contractor, by RAM Center staff or guests, or by normal wear and tear. If damage is determined to be caused by Contractor, Contractor must meet on-site with the Contract Compliance Inspector and/or Project

Manager to discuss the problem and if compensation is required. Meeting discussion will be documented and forwarded to DNR Procurement Services.

1.06 Proposal Pricing

1.06.1 Proposal Pricing

For authorized Services and Price List, see Attachment A.

Payment terms are Net 30 Days.

Contractor's out-of-pocket expenses are not separately reimbursable by the State unless, on a case-by-case basis for unusual expenses, the State has agreed in advance and in writing to reimburse Contractor for the expense at the State's current travel reimbursement rates. See www.michigan.gov/dtmb for current rates.

1.06.2 Price Term

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

Prices may be subject to change at the end of each 365-day period. Such changes must 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. DNR Procurement 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). DNR Procurement 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 must 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 must be RECEIVED IN WRITING AT LEAST 30 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 Contractor remains responsible for performing according to the Contract terms at the Contract price for all orders received before price revisions are approved or before the Contract is cancelled.**

1.06.3 Tax Excluded from Price

(a) Sales Tax: For purchases made directly by the State, the State is exempt from State and Local Sales Tax. Prices must not include the taxes. Exemption Certificates for State Sales Tax will be furnished upon request.

(b) Federal Excise Tax: The State may be exempt from Federal Excise Tax, or the taxes may be reimbursable, if articles purchased under any resulting Contract are used for the State's exclusive use. Certificates showing exclusive use for the purposes of substantiating a tax-free or tax-reimbursable sale will be sent upon request. If a sale is tax exempt or tax reimbursable under the Internal Revenue Code, prices must not include the Federal Excise Tax.

Article 2, Terms and Conditions

2.01 Contract Structure and Term

2.01.1 Contract Term

The Contract is for a period of approximately one year beginning October 15, 2013 and ending October 31, 2014. All outstanding Purchase Orders must also expire upon the termination (cancellation for any of the reasons listed in **Section 2.12**) of the Contract, unless otherwise extended under the Contract. Absent an early termination for any reason, Purchase Orders issued but not expired, by the end of the Contract's stated term, will remain in effect for the balance of the fiscal year for which they were issued.

2.01.2 Options to Renew

The Contract may be renewed in writing by mutual agreement of the parties not less than 30 days before its expiration. The Contract may be renewed for up to two additional two-year periods.

2.01.3 Legal Effect

Contractor must show acceptance of the Contract by signing the Contract and returning to the Contract Administrator. The Contractor must not proceed with the performance of the work to be done under the Contract, including the purchase of necessary materials, until both parties have signed the Contract to show acceptance of its terms, and the Contractor receives a Contract release/purchase order that authorizes and defines specific performance requirements.

Except as otherwise agreed in writing by the parties, the State assumes no liability for costs incurred by Contractor or payment under the Contract, until Contractor is notified in writing that the Contract (or Change Order) has been approved by the State Administrative Board (if required), approved and signed by all the parties, and a Purchase Order against the Contract has been issued.

2.01.4 Attachments & Exhibits

All Attachments and Exhibits affixed to any and all Statement(s) of Work, or appended to or referencing the Contract, are incorporated in their entirety and form part of the Contract.

2.01.5 Ordering

The State will issue a written Purchase Order to order any Services/Deliverables under the Contract. All orders are subject to the terms and conditions of the Contract. No additional terms and conditions contained on a Purchase Order apply unless they are also specifically contained in that Purchase Order's accompanying Statement of Work. Exact quantities to be purchased are unknown; however, the Contractor must 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.

2.01.6 Headings

Captions and headings used in the 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 the Contract.

2.01.7 Reformation and Severability

Each provision of the Contract is severable from all other provisions of the Contract and, if one (1) or more of the provisions of the Contract is declared invalid, the remaining provisions of the Contract remain in full force and effect.

2.01.8 Consents and Approvals

Except as expressly provided otherwise in the Contract, if either party requires the consent or approval of the other party for the taking of any action under the Contract, the consent or approval must be in writing and must not be unreasonably withheld or delayed.

2.01.9 No Waiver of Default

If a party fails to insist upon strict adherence to any term of the Contract then the party has not waived the right to later insist upon strict adherence to that term, or any other term, of the Contract.

2.01.10 Survival

Any provisions of the Contract that impose continuing obligations on the parties, including without limitation the parties' respective warranty, indemnity and confidentiality obligations, survive the expiration or termination of the Contract for any

reason. Specific references to survival in the Contract are solely for identification purposes and not meant to limit or prevent the survival of any other section.

2.02 Contract Administration

2.02.1 Issuing Office

The Contract is issued by the Department of Natural Resources, DNR Procurement Services. DNR Procurement Services is the sole point of contact in the State with regard to all procurement and contractual matters relating to the Contract. DNR Procurement Services **is the only State office authorized to change, modify, amend, alter or clarify the prices, specifications, terms and conditions of the Contract.** The Contractor Administrator within DNR Procurement Services for the Contract is:

Ruth Thole, Buyer
Procurement Services
Department of Natural Resources
Mason Bldg, 6th Floor
PO Box 30028
Lansing, MI 48909
Email: tholer@michigan.gov
Phone: 517-335-1553

2.02.2 Contract Compliance Inspector

After DNR Procurement Services receives the properly executed Contract, it is anticipated that the person named below will monitor and coordinate the activities for the Contract on a day-to-day basis during its term. However, monitoring of the Contract implies **no authority to change, modify, clarify, amend, or otherwise alter the prices, terms, conditions and specifications of the Contract as that authority is retained by DNR Procurement Services.** The CCI for the Contract is:

Mark Buchinger, Administrative Manager
Department of Natural Resources
R.A. MacMullan Conference Center
104 Conservation Drive
Roscommon, Michigan 48653
Email: buchingerm@michigan.gov
Phone: 989-821-6200 ext 7362

2.02.3 Project Manager

The following individual will oversee the project:

Shari McCarthy
Department of Natural Resources
R.A. MacMullan Conference Center
104 Conservation Drive
Roscommon, Michigan 48653.
Email: mccarthys1@michigan.gov
Phone: 989-821-6200 ext 7376

2.02.4 Change Requests

The State reserves the right to request, from time to time, any changes to the requirements and specifications of the Contract and the work to be performed by the Contractor under the Contract. During the course of ordinary business, it may become necessary for the State to discontinue certain business practices or create Additional Services/Deliverables. At a minimum, to the extent applicable, the State would like the Contractor to provide a detailed outline of all work to be done, including tasks necessary to accomplish the services/deliverables, timeframes, listing of key personnel assigned, estimated hours for each individual per task, and a complete and detailed cost justification.

If the Contractor does not so notify the State, the Contractor has no right to claim thereafter that it is entitled to additional compensation for performing that service or providing that deliverable.

Change Requests:

(a) By giving Contractor written notice within a reasonable time, the State must be entitled to accept a Contractor proposal for Change, to reject it, or to reach another agreement with Contractor. Should the parties agree on carrying out a Change, a written Contract Change Notice must be prepared and issued under the Contract, describing the Change and its effects on the Services and any affected components of the Contract (a "Contract Change Notice").

(b) No proposed Change may be performed until the proposed Change has been specified in a duly executed Contract Change Notice issued by the DNR Procurement Services.

(c) If the State requests or directs the Contractor to perform any activities that Contractor believes constitute a Change, the Contractor must notify the State that it believes the requested activities are a Change before beginning to work on the requested activities. If the Contractor fails to notify the State before beginning to work on the requested activities, then the Contractor waives any right to assert any claim for additional compensation or time for performing the requested activities. If the Contractor commences performing work outside the scope of the Contract and then ceases performing that work, the Contractor must, at the request of the State, retract any out-of-scope work that would adversely affect the Contract.

2.02.5 Notices

Any notice given to a party under the Contract must be deemed effective, if addressed to the State contact as noted in Section 2.02.1 and the Contractor's contact as noted on the cover page of the contract, 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 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.

Either party may change its address where notices are to be sent by giving notice according to this Section.

2.02.6 Binding Commitments

Representatives of Contractor must have the authority to make binding commitments on Contractor's behalf within the bounds set forth in the Contract. Contractor may change the representatives from time to time upon written notice.

2.02.7 Relationship of the Parties

The relationship between the State and Contractor is that of client and independent contractor. No agent, employee, or servant of Contractor or any of its Subcontractors must be deemed to be an employee, agent or servant of the State for any reason. Contractor is solely and entirely responsible for its acts and the acts of its agents, employees, servants and Subcontractors during the performance of the Contract.

2.02.8 Covenant of Good Faith

Each party must act reasonably and in good faith. Unless stated otherwise in the Contract, the parties must not unreasonably delay, condition, or withhold the giving of any consent, decision, or approval that is either requested or reasonably required of them in order for the other party to perform its responsibilities under the Contract.

2.02.9 Assignments

(a) Neither party may assign the Contract, or assign 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 other party; provided, however, that the State may assign the Contract to any other State agency, department, division or department without the prior consent of Contractor and Contractor may assign the Contract to an affiliate so long as the affiliate is adequately capitalized and can provide adequate assurances that the affiliate can perform the requirements of the Contract. The State may withhold consent from proposed assignments, subcontracts, or novations when the transfer of responsibility would operate to decrease the State's likelihood of receiving performance on the Contract or the State's ability to recover damages.

(b) Contractor may not, without the prior written approval of the State, assign its right to receive payments due under the Contract. If the State permits an assignment, the Contractor is not relieved of its responsibility to perform any of its contractual duties, and the requirement under the Contract that all payments must be made to one (1) entity continues.

(c) If the Contractor intends to assign the Contract or any of the Contractor's rights or duties under the Contract, the Contractor must notify the State in writing at least 90 days before the assignment. The Contractor also must provide the State with adequate information about the assignee within a reasonable amount of time before the assignment for the State to determine whether to approve the assignment.

2.03 General Provisions

2.03.1 Media Releases

News releases (including promotional literature and commercial advertisements) pertaining to the ITB and 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 from the State. No results of the activities associated with the ITB and Contract are to be released without prior written approval of the State and then only to persons designated.

2.03.2 Freedom of Information

All information in any proposal submitted to the State by Contractor and the Contract is subject to the provisions of the Michigan Freedom of Information Act, 1976 PA 442, MCL 15.231, et seq (the "FOIA").

2.04 Financial Provisions

2.04.1 Fixed Prices for Services/Deliverables

Each Statement of Work or Purchase Order issued under the Contract must specify (or indicate by reference to the appropriate Contract Exhibit) the firm, fixed prices for all Services/Deliverables and payment amounts.

2.04.2 Services/Deliverables Covered

For all Services/Deliverables to be provided by Contractor (and its Subcontractors, if any) under the Contract, the State must not be obligated to pay any amounts in addition to the charges specified in the Contract.

2.04.3 Invoicing and Payment – In General

(a) Contractor's invoices must be rendered on a monthly basis. Copies of signed delivery tickets must accompany invoices.

(b) Each Contractor invoice must show, at a minimum:

- 1) Date
- 2) Purchase Order number
- 3) Item laundered/drycleaned and returned for re-stocking
- 4) Quantity of item laundered/drycleaned and returned for re-stocking
- 5) Item and quantity of item laundered/drycleaned at no charge due to reprocessing
- 6) Unit Price
- 7) Total
- 8) Price

Prompt payment by the State is contingent on the Contractor's invoices showing the correct amount owed by the State.

(c) Correct invoices will be due and payable by the State, in accordance with the State's standard payment procedure as specified in 1984 PA 279, MCL 17.51 et seq., within 45 days after receipt, provided the State determines that the invoice was properly rendered.

2.04.4 Final Payment

The making of final payment by the State to Contractor does not constitute a waiver by either party of any rights or other claims as to the other party's continuing obligations under the Contract, nor will it constitute a waiver of any claims by one (1) party against the other arising from unsettled claims or failure by a party to comply with the Contract, including claims for Services and Deliverables not reasonably known until after acceptance to be defective or substandard. Contractor's acceptance of final payment by the State under the Contract must constitute a waiver of all claims by Contractor against the State for payment under the Contract, other than those claims previously filed in writing on a timely basis and still unsettled.

2.04.5 Electronic Payment Requirement

Electronic transfer of funds is required for payments on State contracts. The Contractor must register with the State electronically at <http://www.michigan.gov/cpexpress>. As stated in 1984 PA 431, all contracts that the State enters into for the purchase of goods and services must provide that payment will be made by Electronic Fund Transfer (EFT).

2.05 Taxes

2.05.1 Employment Taxes

Contractors are expected to collect and pay all applicable federal, state, and local employment taxes.

2.05.2 Sales and Use Taxes

Contractors are required to be registered and to remit sales and use taxes on taxable sales of tangible personal property or services delivered into the State. Contractors that lack sufficient presence in Michigan to be required to register and pay tax must do so as a volunteer. This requirement extends to: (1) all members of any controlled group as defined in § 1563(a) of the Internal Revenue Code and applicable regulations of which the company is a member, and (2) all organizations under common control as defined in § 414(c) of the Internal Revenue Code and applicable regulations of which the company is a member that make sales at retail for delivery into the State are registered with the State for the collection and remittance of sales and use taxes. In applying treasury regulations defining “two (2) or more trades or businesses under common control” the term “organization” means sole proprietorship, a partnership (as defined in § 701(a)(2) of the Internal Revenue Code), a trust, an estate, a corporation, or a limited liability company.

2.060 Contract Management

2.06.1 Contractor Personnel Qualifications

All persons assigned by Contractor to the performance of Services under the Contract must be employees of Contractor or its majority-owned (directly or indirectly, at any tier) subsidiaries (or a State-approved Subcontractor) and must be fully qualified to perform the work assigned to them. Contractor must include a similar provision in any subcontract entered into with a Subcontractor. For the purposes of the Contract, independent contractors engaged by Contractor solely in a staff augmentation role must be treated by the State as if they were employees of Contractor for the Contract only; however, the State understands that the relationship between Contractor and Subcontractor is an independent contractor relationship.

2.06.2 Contractor Identification

Contractor employees must be clearly identifiable while on State property. Contractor employees are required to clearly identify themselves and the company they work for whenever making contact with State personnel by telephone or other means.

2.06.3 Contract Management Responsibilities

The Contractor must assume responsibility for all contractual activities, whether or not that Contractor performs them. Further, the State considers the Contractor 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 subcontracted, the Contract must include a list of Subcontractors, including firm name and address, contact person and a complete description of work to be subcontracted. The State reserves the right to approve Subcontractors and to require the Contractor to replace Subcontractors found to be unacceptable. The Contractor is totally responsible for adherence by the Subcontractor to all provisions of the Contract. Any change in Subcontractors must be approved by the State, in writing, prior to such change.

2.07 Subcontracting by Contractor

2.07.1 Contractor Full Responsibility

Contractor has full responsibility for the successful performance and completion of all of the Services and Deliverables. The State will consider Contractor to be the sole point of contact with regard to all contractual matters under the Contract, including payment of any and all charges for Services and Deliverables.

2.07.2 State Consent to Delegation

Contractor must not delegate any duties under the Contract to a Subcontractor unless DNR Procurement Services has given written consent to such delegation. The State reserves the right of prior written approval of all Subcontractors and to require Contractor to replace any Subcontractors found, in the reasonable judgment of the State, to be unacceptable. The State's request must be written with reasonable detail outlining the reasons for the removal request. Additionally, the State's request must be based on legitimate, good-faith reasons. Replacement Subcontractor(s) for the removed Subcontractor must be fully qualified for the position. If the State exercises this right, and the Contractor cannot immediately replace the removed Subcontractor, the State will agree to an equitable adjustment in schedule or other terms that may be affected by the State's required removal.

2.07.3 Subcontractor Bound to Contract

In any subcontracts entered into by Contractor for the performance of the Services, Contractor must require the Subcontractor, to the extent of the Services to be performed by the Subcontractor, to be bound to Contractor by the terms of the Contract and to assume toward Contractor all of the obligations and responsibilities that Contractor, by the

Contract, assumes toward the State. The State reserves the right to receive copies of and review all subcontracts, although Contractor may delete or mask any proprietary information, including pricing, contained in such contracts before providing them to the State. The management of any Subcontractor is the responsibility of Contractor, and Contractor must remain responsible for the performance of its Subcontractors to the same extent as if Contractor had not subcontracted such performance. Contractor must make all payments to Subcontractors or suppliers of Contractor. Except as otherwise agreed in writing by the State and Contractor, the State will not be obligated to direct payments for the Services other than to Contractor. The State's written approval of any Subcontractor engaged by Contractor to perform any obligation under the Contract will not relieve Contractor of any obligations or performance required under the Contract.

2.08 Records and Inspections

2.08.1 Audit of Contract Compliance

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

2.08.2 Retention of Records

The Contractor will be required to 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 within the duration of this Contract and any extension thereof, and for three (3) years from the expiration date and final payment on this Contract or extension thereof.

2.09 Warranties

2.09.1 Warranties and Representations

The Contractor represents and warrants:

- (a) It is capable in all respects of fulfilling and must fulfill all of its obligations under the Contract. The performance of all obligations under the Contract must be provided in a timely, professional, and workman-like manner and must meet the performance and operational standards required under the Contract.
- (b) The Contract signatory has the power and authority, including any necessary corporate authorizations, necessary to enter into the Contract, on behalf of Contractor.
- (c) It is qualified and registered to transact business in all locations where required.
- (d) Neither the Contractor nor any affiliates, nor any employee of either, has, must have, or must acquire, any contractual, financial, business, or other interest, direct or indirect, that would conflict in any manner or degree with Contractor's performance of its duties and responsibilities to the State under the Contract or otherwise create an appearance of impropriety with respect to the award or performance of this Agreement. Contractor must notify the State about the nature of the conflict or appearance of impropriety within two (2) days of learning about it.
- (e) If any of the certifications, representations, or disclosures made in the Contractor's original bid response change after the Contract start date, the Contractor must report those changes immediately to DNR Procurement Services.

2.09.2 Consequences For Breach

In addition to any remedies available in law, if the Contractor breaches any of the warranties contained in this section, the breach may be considered as a default in the performance of a material obligation of the Contract.

2.10 Insurance

2.10.1 Liability Insurance

The Contractor must provide proof of the minimum levels of insurance coverage as indicated below. The insurance must protect the State from claims which may arise out of or result from the Contractor's performance of Services under the

terms of the Contract, whether the Services are performed by the Contractor, or by any Subcontractor, or by anyone directly or indirectly employed by any of them, or by anyone for whose acts they may be liable.

The Contractor 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 the Contractor is required to maintain under the Contract.

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

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

The insurers selected by Contractor must have an A.M. Best rating of A or better, or as otherwise approved in writing by the State, or if the ratings are no longer available, with a comparable rating from a recognized insurance rating agency. All policies of insurance required in the Contract must be issued by companies that have been approved to do business in the State. See www.michigan.gov/deleg.

Where specific limits are shown, they are the minimum acceptable limits. If Contractor's policy contains higher limits, the State must be entitled to coverage to the extent of the higher limits.

The Contractor is required to pay for and provide the type and amount of insurance stated below:

(a) Commercial General Liability with the following minimum coverage:

\$300,000 General Aggregate Limit other than Products/Completed Operations
\$300,000 Products/Completed Operations Aggregate Limit
\$100,000 Personal & Advertising Injury Limit
\$100,000 Each Occurrence Limit

The Contractor 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. The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company.

(b) If a motor vehicle is used to provide services or products under the Contract, the Contractor must have vehicle liability insurance on any auto including owned, hired and non-owned vehicles used in Contractor's business for bodily injury and property damage as required by law.

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

(c) Workers' compensation coverage must be provided according to applicable laws governing the employees and employers work activities in the state of the Contractor's domicile. If the applicable coverage is provided by a self-insurer, proof must be provided of approved self-insured authority by the jurisdiction of domicile. For employees working outside of the state of qualification, Contractor 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.

The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company. This provision must not be applicable where prohibited or limited by the laws of the jurisdiction in which the work is to be performed.

(d) Employers liability insurance with the following minimum limits:

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

2.10.2 Subcontractor Insurance Coverage

Except where the State has approved in writing a Contractor subcontract with other insurance provisions, Contractor must require all of its Subcontractors under the Contract to purchase and maintain the insurance coverage as described in this Section for the Contractor in connection with the performance of work by those Subcontractors. Alternatively, Contractor may include any Subcontractors under Contractor's insurance on the coverage required in this Section. Subcontractor must fully comply with the insurance coverage required in this Section. Failure of Subcontractor to comply with insurance requirements does not limit Contractor's liability or responsibility.

2.10.3 Certificates of Insurance and Other Requirements

Contractor must furnish to DNR Procurement Services, certificate(s) of insurance verifying insurance coverage or providing satisfactory evidence of self-insurance as required in this Section (the "Certificates"). The Certificate must be on the standard "Acord" form or equivalent. All Certificate(s) must contain a provision indicating that coverages afforded under the policies **MUST NOT BE CANCELLED, MATERIALLY CHANGED, OR NOT RENEWED** without 30 days prior written notice, except for 10 days for non-payment of premium, having been given to DNR Procurement Services. The notice must include the Contract number affected. Before the Contract is signed, and not less than 20 days before the insurance expiration date every year thereafter, the Contractor must provide evidence that the State and its agents, officers and employees are listed as additional insureds 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.

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

2.11 Indemnification

2.11.1 General Indemnification

To the extent permitted by law, the Contractor must indemnify, defend and hold harmless the State from liability, including all claims and losses, and all related costs and expenses (including reasonable attorneys' fees and costs of investigation, litigation, settlement, judgments, interest and penalties), accruing or resulting to any person, firm or corporation that may be injured or damaged by the Contractor in the performance of the Contract and that are attributable to the negligence or tortious acts of the Contractor or any of its Subcontractors, or by anyone else for whose acts any of them may be liable.

2.11.2 Code Indemnification

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

2.11.3 Employee Indemnification

In any claims against the State of Michigan, its departments, divisions, agencies, sections, commissions, officers, employees and agents, by any employee of the Contractor or any of its Subcontractors, the indemnification obligation under the Contract must not be limited in any way by the amount or type of damages, compensation or benefits payable by or for the Contractor or any of its Subcontractors under worker's disability compensation acts, disability benefit acts or other employee benefit acts. This indemnification clause is intended to be comprehensive. Any overlap in provisions, 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 provisions.

2.11.4 Continuation of Indemnification Obligations

The Contractor's duty to indemnify under this Section continues in full force and effect, notwithstanding the expiration or early cancellation of the Contract, with respect to any claims based on facts or conditions that occurred before expiration or cancellation.

2.11.5 Indemnification Procedures

The procedures set forth below must apply to all indemnity obligations under the Contract.

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

(b) If Contractor delivers a Notice of Election relating to any claim: (i) the State is entitled to participate in the defense of the claim and to employ counsel at its own expense to assist in the handling of the claim and to monitor and advise the State about the status and progress of the defense; (ii) the Contractor must, at the request of the State, demonstrate to the reasonable satisfaction of the State, the Contractor's financial ability to carry out its defense and indemnity obligations under the Contract; (iii) the Contractor must periodically advise the State about the status and progress of the defense and must obtain the prior written approval of the State before entering into any settlement of the claim or ceasing to defend against the claim and (iv) to the extent that any principles of Michigan governmental or public law may be involved or challenged, the State has the right, at its own expense, to control the defense of that portion of the claim involving the principles of Michigan governmental or public law. But the State may retain control of the defense and settlement of a claim by notifying the Contractor in writing within 10 days after the State's receipt of Contractor's information requested by the State under clause (ii) of this paragraph if the State determines that the Contractor has failed to demonstrate to the reasonable satisfaction of the State the Contractor's financial ability to carry out its defense and indemnity obligations under this Section. 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. In the event the insurer's attorney represents the State under 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 Contractor does not deliver a Notice of Election relating to any claim of which it is notified by the State as provided above, the State may defend the claim in the manner as it may deem appropriate, at the cost and expense of Contractor. If it is determined that the claim was one against which Contractor was required to indemnify the State, upon request of the State, Contractor must promptly reimburse the State for all the reasonable costs and expenses.

2.12 Termination/Cancellation

2.12.1 Notice and Right to Cure

If the Contractor breaches the Contract, and the State, in its sole discretion, determines that the breach is curable, then the State must provide the Contractor with written notice of the breach and a time period (not less than 30 days) to cure the Breach. The notice of breach and opportunity to cure is inapplicable for successive or repeated breaches 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.

2.12.2 Termination for Cause

(a) The State may terminate the Contract, for cause, by notifying the Contractor in writing, if the Contractor (i) breaches any of its material duties or obligations under the Contract (including a Chronic Failure to meet any particular SLA), or (ii) fails to cure a breach within the time period specified in the written notice of breach provided by the State

(b) If the Contract is terminated for cause, the Contractor must pay all costs incurred by the State in terminating the Contract, including but not limited to, State administrative costs, reasonable attorneys' fees and court costs, and any reasonable additional costs the State may incur to procure the Services/Deliverables required by the Contract from other sources. Re-procurement costs are not consequential, indirect or incidental damages, and cannot be excluded by any other terms otherwise included in the Contract, provided the costs are not in excess of 50% more than the prices for the Service/Deliverables provided under the Contract.

(c) If the State chooses to partially terminate the Contract for cause, charges payable under the Contract will be equitably adjusted to reflect those Services/Deliverables that are terminated and the State must pay for all Services/Deliverables for which Final Acceptance has been granted provided up to the termination date. Services and related provisions of the Contract that are terminated for cause must cease on the effective date of the termination.

(d) If the State terminates the Contract for cause under this Section, and it is determined, for any reason, that Contractor was not in breach of contract under the provisions of this section, that termination for cause must be deemed to have been a termination for convenience, effective as of the same date, and the rights and obligations of the parties must be limited to that otherwise provided in the Contract for a termination for convenience.

2.12.3 Termination for Convenience

The State may terminate the Contract for its convenience, in whole or part, if the State determines that a termination is in the State's best interest. Reasons for the termination must be left to the sole discretion of the State and may include, but not necessarily be 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 Services no longer practical or feasible, (c) unacceptable prices for Additional Services or New Work requested by the State, or (d) falsification or misrepresentation, by inclusion or non-inclusion, of information material to a response to any ITB issued by the State. The State may terminate the Contract for its convenience, in whole or in part, by giving Contractor written notice at least 30 days before the date of termination. If the State chooses to terminate the Contract in part, the charges payable under the Contract must be equitably adjusted to reflect those Services/Deliverables that are terminated. Services and related provisions of the Contract that are terminated for cause must cease on the effective date of the termination.

2.12.4 Termination for Non-Appropriation

(a) Contractor acknowledges that, if the Contract extends for several fiscal years, continuation of the Contract is subject to appropriation or availability of funds for the Contract. If funds to enable the State to effect continued payment under the Contract are not appropriated or otherwise made available, the State must terminate the Contract and all affected Statements of Work, in whole or in part, at the end of the last period for which funds have been appropriated or otherwise made available by giving written notice of termination to Contractor. The State must give Contractor at least 30 days advance written notice of termination for non-appropriation or unavailability (or the time as is available if the State receives notice of the final decision less than 30 days before the funding cutoff).

(b) If funding for the Contract is reduced by law, or funds to pay Contractor for the agreed-to level of the Services or production of Deliverables to be provided by Contractor are not appropriated or otherwise unavailable, the State may, upon 30 days written notice to Contractor, reduce the level of the Services or the change the production of Deliverables in the manner and for the periods of time as the State may elect. The charges payable under the Contract will be equitably adjusted to reflect any equipment, services or commodities not provided by reason of the reduction.

(c) If the State terminates the Contract, eliminates certain Deliverables, or reduces the level of Services to be provided by Contractor under this Section, the State must pay Contractor for all Work-in-Process performed through the effective date of the termination or reduction in level, as the case may be and as determined by the State, to the extent funds are available. This Section will not preclude Contractor from reducing or stopping Services/Deliverables or raising against the State in a court of competent jurisdiction, any claim for a shortfall in payment for Services performed or Deliverables finally accepted before the effective date of termination.

2.12.5 Termination for Criminal Conviction

The State may terminate the Contract immediately and without further liability or penalty in the event Contractor, an officer of Contractor, or an owner of a 25% or greater share of Contractor is convicted of a criminal offense related to a State, public or private Contract or subcontract.

2.12.6 Termination for Approvals Rescinded

The State may terminate the Contract if any final administrative or judicial decision or adjudication disapproves a previously approved request for purchase of personal services under Constitution 1963, Article 11, § 5, and Civil Service Rule 7-1. In that case, the State must pay the Contractor for only the work completed to that point under the Contract. Termination may be in whole or in part and may be immediate as of the date of the written notice to Contractor or may be effective as of the date stated in the written notice.

2.12.7 Rights and Obligations upon Termination

(a) If the State terminates the Contract for any reason, the Contractor must (a) stop all work as specified in the notice of termination, (b) take any action that may be necessary, or that the State may direct, for preservation and protection of Deliverables or other property derived or resulting from the Contract that may be in Contractor's possession, (c) return all materials and property provided directly or indirectly to Contractor by any entity, agent or employee of the State, (d) transfer title in, and deliver to, the State, unless otherwise directed, all Deliverables intended to be transferred to the State at the termination of the Contract and which are resulting from the Contract (which must be provided to the State on an "As-Is" basis except to the extent the amounts paid by the State in respect of the items included compensation to Contractor for the provision of warranty services in respect of the materials), and (e) take any action to mitigate and limit

any potential damages, or requests for Contractor adjustment or termination settlement costs, to the maximum practical extent, including terminating or limiting as otherwise applicable those subcontracts and outstanding orders for material and supplies resulting from the terminated Contract.

(b) If the State terminates the Contract before its expiration for its own convenience, the State must pay Contractor for all charges due for Services provided before the date of termination and, if applicable, as a separate item of payment under the Contract, for Work In Process, on a percentage of completion basis at the level of completion determined by the State. All completed or partially completed Deliverables prepared by Contractor under the Contract, at the option of the State, becomes the State's property, and Contractor is entitled to receive equitable fair compensation for the Deliverables. Regardless of the basis for the termination, the State is not obligated to pay, or otherwise compensate, Contractor for any lost expected future profits, costs or expenses incurred with respect to Services not actually performed for the State.

(c) Upon a good faith termination, the State may assume, at its option, any subcontracts and agreements for Services and Deliverables provided under the Contract, and may further pursue completion of the Services/Deliverables under the Contract by replacement contract or otherwise as the State may in its sole judgment deem expedient.

2.12.8 Reservation of Rights

Any termination of the Contract or any Statement of Work issued under it by a party must be with full reservation of, and without prejudice to, any rights or remedies otherwise available to the party with respect to any claims arising before or as a result of the termination.

2.13 Termination by Contractor

2.13.1 Termination by Contractor

If the State breaches the Contract, and the Contractor in its sole discretion determines that the breach is curable, then the Contractor will provide the State with written notice of the breach and a time period (not less than 30 days) to cure the breach. The Notice of Breach and opportunity to cure is inapplicable for successive and repeated breaches.

The Contractor may terminate the Contract if the State (i) materially breaches its obligation to pay the Contractor undisputed amounts due and owing under the Contract, (ii) breaches its other obligations under the Contract to an extent that makes it impossible or commercially impractical for the Contractor to perform the Services, or (iii) does not cure the breach within the time period specified in a written notice of breach. But the Contractor must discharge its obligations under **Section 2.14** before it terminates the Contract.

2.14 Dispute Resolution

2.14.1 In General

Any claim, counterclaim, or dispute between the State and Contractor arising out of or relating to the Contract or any Statement of Work must be resolved as follows. For all Contractor claims seeking an increase in the amounts payable to Contractor under the Contract, or the time for Contractor's performance, Contractor must submit a letter, together with all data supporting the claims, executed by Contractor's Contract Administrator or the Contract Administrator's designee certifying that (a) the claim is made in good faith, (b) the amount claimed accurately reflects the adjustments in the amounts payable to Contractor or the time for Contractor's performance for which Contractor believes the State is liable and covers all costs of every type to which Contractor is entitled from the occurrence of the claimed event, and (c) the claim and the supporting data are current and complete to Contractor's best knowledge and belief.

2.14.2 Informal Dispute Resolution

(a) All disputes between the parties must be resolved under the Contract Management procedures in the Contract. If the parties are unable to resolve any disputes after compliance with the processes, the parties must meet with the Manager of DNR Procurement Services, or designee, for the purpose of attempting to resolve the dispute without the need for formal legal proceedings, as follows:

- 1) The representatives of Contractor and the State must meet as often as the parties reasonably deem necessary to gather and furnish to each other all information with respect to the matter in issue which the parties believe to be appropriate and germane in connection with its resolution. The representatives must discuss the problem and negotiate in good faith in an effort to resolve the dispute without the necessity of any formal proceeding.
- 2) During the course of negotiations, all reasonable requests made by one (1) party to another for non-privileged information reasonably related to the Contract must be honored in order that each of the parties may be fully advised of the other's position.

- 3) The specific format for the discussions will be left to the discretion of the designated State and Contractor representatives, but may include the preparation of agreed upon statements of fact or written statements of position.
- 4) Following the completion of this process within 60 calendar days, the Manager of DNR Procurement Services, or designee, must issue a written opinion regarding the issue(s) in dispute within 30 calendar days. The opinion regarding the dispute must be considered the State's final action and the exhaustion of administrative remedies.

(b) This Section must not be construed to prevent either party from instituting, and a party is authorized to institute, formal proceedings earlier to avoid the expiration of any applicable limitations period, to preserve a superior position with respect to other creditors, or under **Section 2.14.3**.

(c) The State will not mediate disputes between the Contractor and any other entity, except state agencies, concerning responsibility for performance of work under the Contract.

2.14.3 Injunctive Relief

The only circumstance in which disputes between the State and Contractor will not be subject to the provisions of **Section 2.14.2** is where a party makes a good faith determination that a breach of the terms of the Contract by the other party is the that the damages to the party resulting from the breach will be so immediate, so large or severe and so incapable of adequate redress after the fact that a temporary restraining order or other immediate injunctive relief is the only adequate remedy.

2.14.4 Continued Performance

Each party agrees to continue performing its obligations under the Contract while a dispute is being resolved except to the extent the issue in dispute precludes performance (dispute over payment must not be deemed to preclude performance) and without limiting either party's right to terminate the Contract as provided in **Section 2.12**, as the case may be.

2.15 Federal and State Contract Requirements

2.15.1 Nondiscrimination

In the performance of the Contract, Contractor agrees not to discriminate against any employee or applicant for employment, with respect to his or her hire, tenure, terms, conditions or privileges of employment, or any matter directly or indirectly related to employment, because of race, color, religion, national origin, ancestry, age, sex, height, weight, marital status, or physical or mental disability. Contractor further agrees that every subcontract entered into for the performance of the Contract or any purchase order resulting from the Contract must contain a provision requiring non-discrimination in employment, as specified here, binding upon each Subcontractor. This covenant is required under the Elliot 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., and any breach of this provision may be regarded as a material breach of the Contract.

2.15.2 Unfair Labor Practices

Under 1980 PA 278, MCL 423.321, et seq., the State must not award a Contract or subcontract to an employer whose name appears in the current register of employers failing to correct an unfair labor practice compiled under Section 2 of the Act. This information is compiled by the United States National Labor Relations Board. A Contractor of the State, in relation to the Contract, must not enter into a contract with a Subcontractor, manufacturer, or supplier whose name appears in this register. Under Section 4 of 1980 PA 278, MCL 423.324, the State may void any Contract if, after award of the Contract, the name of Contractor as an employer or the name of the Subcontractor, manufacturer or supplier of Contractor appears in the register.

2.15.3 Workplace Safety and Discriminatory Harassment

In performing Services for the State, the Contractor must comply with the Department of Civil Services Rule 2-20 regarding Workplace Safety and Rule 1-8.3 regarding Discriminatory Harassment. In addition, the Contractor must comply with Civil Service regulations and any applicable agency rules provided to the Contractor. For Civil Service Rules, see <http://www.mi.gov/mdcs/0,1607,7-147-6877---,00.html>.

2.16 Governing Law

2.16.1 Governing Law

The Contract must in all respects be governed by, and construed according to, the substantive laws of the State of Michigan without regard to any Michigan choice of law rules that would apply the substantive law of any other jurisdiction to the extent not inconsistent with, or pre-empted by federal law.

2.16.2 Compliance with Laws

Contractor must comply with all applicable state, federal and local laws and ordinances in providing the Services/Deliverables.

2.16.3 Jurisdiction

Any dispute arising from the Contract must be resolved in the State of Michigan. With respect to any claim between the parties, Contractor consents to venue in Ingham County, Michigan, and irrevocably waives any objections it may have to the jurisdiction on the grounds of lack of personal jurisdiction of the court or the laying of venue of the court or on the basis of forum non conveniens or otherwise. Contractor agrees to appoint agents in the State of Michigan to receive service of process.

2.17 Limitation of Liability

2.17.1 Limitation of Liability

Neither the Contractor nor the State is liable to each other, regardless of the form of action, for consequential, incidental, indirect, or special damages. This limitation of liability does not apply to claims for infringement of United States patent, copyright, trademark or trade secrets; to claims for personal injury or damage to property caused by the gross negligence or willful misconduct of the Contractor; to claims covered by other specific provisions of the Contract calling for liquidated damages; or to court costs or attorney's fees awarded by a court in addition to damages after litigation based on the Contract.

The Contractor's liability for damages to the State is limited to two times the value of the Contract or \$500,000 whichever is higher. The foregoing limitation of liability does 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 the Contractor; to claims covered by other specific provisions of the Contract calling for liquidated damages; or to court costs or attorney's fees awarded by a court in addition to damages after litigation based on the Contract.

The State's liability for damages to the Contractor is limited to the value of the Contract.

2.18 Disclosure Responsibilities

2.18.1 Disclosure of Litigation

(a) Disclosure. Contractor must disclose any material criminal litigation, investigations or proceedings involving the Contractor (and each Subcontractor) or any of its officers or directors or any litigation, investigations or proceedings under the Sarbanes-Oxley Act. In addition, each Contractor (and each Subcontractor) must notify the State of any material civil litigation, arbitration or proceeding which arises during the term of the Contract and extensions, to which Contractor (or, to the extent Contractor is aware, any Subcontractor) is a party, and which involves: (i) disputes that might reasonably be expected to adversely affect the viability or financial stability of Contractor or any Subcontractor; or (ii) a claim or written allegation of fraud against Contractor or, to the extent Contractor is aware, any Subcontractor by a governmental or public entity arising out of their business dealings with governmental or public entities. The Contractor must disclose in writing to the Contract Administrator any litigation, investigation, arbitration or other proceeding (collectively, "Proceeding") within 30 days of its occurrence. Details of settlements which are prevented from disclosure by the terms of the settlement may be annotated. Information provided to the State from Contractor's publicly filed documents referencing its material litigation will be deemed to satisfy the requirements of this Section.

(b) Assurances. If any Proceeding disclosed to the State under this Section, or of which the State otherwise becomes aware, during the term of the Contract would cause a reasonable party to be concerned about:

- 1) (the ability of Contractor (or a Subcontractor) to continue to perform the Contract according to its terms and conditions, or
- 2) whether Contractor (or a Subcontractor) in performing Services for the State is engaged in conduct which is similar in nature to conduct alleged in the Proceeding, which conduct would constitute a breach of the Contract or a violation of Michigan law, regulations or public policy, then the Contractor must provide the State all reasonable assurances requested by the State to demonstrate that:
 - i. Contractor and its Subcontractors must be able to continue to perform the Contract and any Statements of Work according to its terms and conditions, and

ii. Contractor and its Subcontractors have not and will not engage in conduct in performing the Services which is similar in nature to the conduct alleged in the Proceeding.

(c) Contractor must make the following notifications in writing:

- 1) Within 30 days of Contractor becoming aware that a change in its ownership or officers has occurred, or is certain to occur, or a change that could result in changes in the valuation of its capitalized assets in the accounting records, Contractor must notify DNR Procurement Services.
- 2) Contractor must also notify DTMB Procurement 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.
- 3) Contractor must also notify DTMB Procurement within 30 days whenever changes to company affiliations occur.

2.18.2 Bankruptcy

The State may, without prejudice to any other right or remedy, terminate the Contract, in whole or in part, and, at its option, may take possession of the "Work in Process" and finish the Works in Process by whatever appropriate method the State may deem expedient if:

- (a) the Contractor files for protection under the bankruptcy laws;
- (b) an involuntary petition is filed against the Contractor and not removed within 30 days;
- (c) the Contractor becomes insolvent or if a receiver is appointed due to the Contractor's insolvency;
- (d) the Contractor makes a general assignment for the benefit of creditors; or
- (e) the Contractor or its affiliates are unable to provide reasonable assurances that the Contractor or its affiliates can deliver the services under the Contract.

Contractor will fix appropriate notices or labels on the Work in Process to indicate ownership by the State. To the extent reasonably possible, materials and Work in Process must be stored separately from other stock and marked conspicuously with labels indicating ownership by the State.

Attachment A – Price List

ITEM #	ITEM	UNIT OF MEASURE	PRICE PER UNIT
LAUNDRY ITEMS			
1	FLAT BED SHEETS	Each	\$ <u>.77</u>
2	FITTED BED SHEETS	Each	\$ <u>.77</u>
3	PILLOW CASES	Each	\$ <u>.27</u>
4	PILLOW COVERS	Each	\$ <u>.27</u>
5	BEDSPREADS	Each	\$ <u>3.85</u>
6	BLANKETS – ACRYLIC	Each	\$ <u>2.75</u>
7	BLANKETS – KNIT	Each	\$ <u>2.75</u>
8	MATTRESS PADS	Each	\$ <u>1.92</u>
9	BED PILLOWS	Each	\$ <u>1.65</u>
10	BATH TOWELS	Each	\$ <u>.44</u>
11	HAND TOWELS	Each	\$ <u>.27</u>
12	WASH CLOTHS	Each	\$ <u>.16</u>
13	SHOWER CURTAIN – NYLON	Each	\$ <u>1.10</u>
14	SHOWER CURTAIN – VINYL	Each	\$ <u>2.75</u>
15	BAR MOPS	Each	\$ <u>.22</u>
16	APRONS	Each	\$ <u>.27</u>
17	OVEN MITTS	Each	\$ <u>.55</u>
18	TABLE CLOTHS – LARGE	Each	\$ <u>1.10</u>
19	TABLE CLOTHS – SMALL	Each	\$ <u>.49</u>
20	TABLE COVER	Each	\$ <u>.49</u>
21	TABLE SKIRTING	Each	\$ <u>2.20</u>
22	PLACEMATS	Each	\$ <u>.27</u>
23	LAUNDRY BAGS	Each	\$ <u>.22</u>
24	CLEANING CLOTHS	Each	\$ <u>.22</u>
25	CURTAINS	Each	\$ <u>.55</u>
26	WALL MOPS	Each	\$ <u>.22</u>
DRYCLEANING ITEMS			
27	BLANKETS – WOOL	Each	\$ <u>8.00</u>

28	CURTAINS	Each	\$ <u>1.65</u>
ADDITIONAL ITEMS			
29	Miscellaneous, low usage items not listed above. Charge for item(s) may be Contractor's current rate. DNR will estimate up to \$200 per year for these items	Lot	\$ 200.00
30	IRONING / PRESSING – TABLE COVER	Each	\$ <u>8.00</u>

Attachment B – Subcontractors

Subcontractor Information	
Subcontractor Company Name:	Alpine Laundry & Dry Cleaning
Office Address:	150 S. Wisconsin Grayling, MI 49735
Contact Name:	Brian Bradford
Phone Number:	231-437-0257 (cell phone)
E-Mail Address:	bryancrdnofm@gmail.com
Description Of Services To Be Performed:	
Dry cleaning services – cleaning wool blankets and curtains.	