

**ROUGH RIDER INDUSTRIES
MASTER VALUE ADDED CONTRACT**

The parties to this contract are the State of North Dakota, acting through the North Dakota Department of Corrections and Rehabilitation ("DOCR") **Rough Rider Industries (RRI)**, a division of the DOCR, and

(BUYER);

1. SCOPE OF SERVICE

RRI and BUYER agree to the following:

- A. RRI shall provide RRI-made products to BUYER for use in manufacturing other products and for sale to other parties.
- B. All products shall be made according to quotes and specifications mutually agreed upon between RRI and BUYER.
- C. In accordance with 18 U.S.C. § 1761(c), RRI-made products provided to BUYER for sale under this contract may not be transported in interstate commerce or across North Dakota state lines unless, manufactured under the Prison Industries Enhancement Certification Program (PIECP).
- D. The terms and conditions herein shall apply to all transactions between RRI and BUYER. In accordance with N.D.C.C. § 12-48-03.1, RRI-made products may be sold through outlets that possess a valid current North Dakota sales tax permit. BUYER shall provide RRI a copy of a valid current North Dakota sales tax permit before RRI provides products to BUYER.

2. TERM OF CONTRACT

The term of this contract is for a period of 10 years, beginning on _____ and ending on _____. The contract may be renewed for [additional] periods of 10 years.

3. COMPENSATION

Products purchased from RRI shall be paid for in full within 30 days after purchase date by the BUYER. All accounts not paid in full after 30 days will be assessed a 1.5% late fee.

4. PURCHASE MONEY SECURITY INTEREST (PMSI)

BUYER agrees to all invoice terms, conditions, and provisions of all other transaction documents, including statements of warranty and work orders, which are deemed a part of this contract. BUYER grants RRI the option to acquire a Security Interest in which this contract or copy thereof may be used as a Security Agreement. Past due amounts are subject to service charges of 1.5% per month, collection costs, and attorney fees. All claims are void unless submitted in writing within ten days of ship date. RRI's liability is limited to credit or replacement of product.

Title to all products delivered by RRI to BUYER under this Contract, with the right of repossession for default, is reserved by RRI as secured party until BUYER has made full payment in cash for all products, including payment of all notes given for the same. Prior to full settlement or cash, BUYER shall have no right to sell or dispose of any products delivered under this CONTRACT, except for value received in the ordinary course of trade and on the express condition that, prior to the delivery of the products to a customer, BUYER secures from the customer a full settlement or cash or good and bankable notes. The proceeds of all sales and resales shall be considered the property of RRI in lieu of the products so sold and shall be held in trust for RRI and subject to its order until all sums due under this Contract have been fully paid. At any time on request BUYER will give RRI's representatives full information regarding products on hand, products sold, and the proceeds of the same, to enable RRI to ascertain and enforce its rights under this clause. Nothing in this agreement shall release BUYER from payment for all products ordered and delivered under this CONTRACT, and after delivery of the products to the BUYER, the products shall be held at the BUYER's risk and expense in respect to risk of loss or damage from any cause and to taxes and charges of every kind.

5. TERMINATION OF CONTRACT

- A. Termination without cause. This contract may be terminated by mutual consent of both parties, or by either party upon 30-days written notice.
- B. Termination for lack of funding or authority. RRI may terminate this contract effective upon delivery of written notice to BUYER, or on any later date stated in the notice, under any of the following conditions:
 - 1) If funding from federal, state, or other sources is not obtained and continued at levels sufficient to allow for purchase of the services or supplies in the indicated quantities or term. The contract may be modified by agreement of the parties in writing to accommodate a reduction in funds.
 - 2) If federal or state laws or rules are modified or interpreted in a way that the services are no longer

allowable or appropriate for purchase under this contract or are no longer eligible for the funding proposed for payments authorized by this contract.

- 3) If any license, permit or certificate required by law or rule, or by the terms of this contract, is for any reason denied, revoked, suspended or not renewed.

Termination of this contract under this subsection is without prejudice to any obligations or liabilities of either party already accrued prior to termination.

- C. Termination for cause. RRI by written notice of default to BUYER may terminate the whole or any part of this contract:

- 1) If BUYER fails to provide services required by this contract within the time specified or any extension agreed to by RRI; or
- 2) If BUYER fails to perform any of the other provisions of this contract, or so fail to pursue the work as to endanger performance of this contract in accordance with its terms.

The rights and remedies of RRI provided in the above clause related to defaults by BUYER are not exclusive and are in addition to any other rights and remedies provided by law or under this contract.

6. WARRANTY

- A. Limited Warranties are non-transferable. RRI warrants its products sold to the Buyer to be free of defects in material and workmanship from the date of purchase. There are no other warranties, express or implied, which extend beyond the description on the face hereof. Contact your RRI representative if you have any questions regarding the installation or use of your RRI product. Product that is not installed and used in accordance with the Buyer's specifications, or as instructed by the Buyer, is not covered by this warranty. Product that shows signs of abuse, neglect, or misuse by the Buyer are not covered by this warranty.
- B. The following Limited Warranties are given to the Buyer of the following RRI products:
 - 1) NO OTHER EXPRESS WARRANTY HAS BEEN MADE OR WILL BE MADE ON BEHALF OF RRI WITH RESPECT TO THE PRODUCT OR REPLACEMENT OF THE PRODUCT. FURTHERMORE, NO REPRESENTATIVE OF RRI OR ITS DISTRIBUTORS OR RETAILERS IS AUTHORIZED TO MAKE ANY CHANGES OR MODIFICATIONS TO THESE LIMITED WARRANTIES. RRI SHALL NOT BE LIABLE UNDER ANY EXTENDED OR ADDITIONAL WARRANTIES OFFERED BY ANY BUYER OR RETAILER OR THROUGH A THIRD-PARTY.
 - 2) IN NO EVENT SHALL RRI BE LIABLE FOR CONSEQUENTIAL OR INCIDENTAL DAMAGES, SUCH AS LOSS OF USE, INCONVENIENCE, LOSS OR DAMAGE TO PERSONAL PROPERTY, WHETHER INDIRECT OR DIRECT, AND WHETHER ARISING IN CONTRACT OR TORT. IN NO EVENT SHALL RRI'S TOTAL LIABILITY EXCEED THE PURCHASE PRICE OF THE PRODUCT OR ITS REPLACEMENT.
- C. Under these Limited Warranties, RRI'S exclusive obligation during the applicable warranty period is to repair or replace, at its option, any part or parts found, upon examination by RRI, to contain a material or workmanship defect. If within the warranty period, identical materials are unavailable at the time of repair or replacement, RRI reserves the right to substitute materials of equal or better quality. Any item repaired or replaced under these Limited Warranties will be covered by the Limited Warranties for the remainder of the original warranty period only.

7. FORCE MAJEURE

BUYER will not be held responsible for delay or default caused by fire, flood, riot, acts of God or war if the event is beyond BUYER'S reasonable control and BUYER gives notice to RRI immediately upon occurrence of the event causing the delay or default or that is reasonably expected to cause a delay or default.

8. SEVERABILITY

If any term of this contract is declared by a court having jurisdiction to be illegal or unenforceable, the validity of the remaining terms is unaffected and, if possible, the rights and obligations of the parties are to be construed and enforced as if the contract did not contain that term.

9. ASSIGNMENT AND SUBCONTRACTS

BUYER may not assign or otherwise transfer or delegate any right or duty without RRI'S express written consent.

10. NOTICE

All notices or other communications required under this contract must be given by email, registered or certified mail and are complete on the date mailed when addressed to the parties at the following addresses:

Jeff Zins, Purchasing Agent of RRI
3303 E Main Ave
Bismarck, ND 58501
Phone: (701) 328-6179
Email: jzins@nd.gov

OR

Notice provided under this provision does not meet the notice requirements for monetary claims against the RRI found at N.D.C.C. § 32-12.2-04.

11. APPLICABLE LAW AND VENUE

This contract is governed by and construed in accordance with the laws of the State of North Dakota. Any action to enforce this contract must be adjudicated exclusively in the state District Court of Burleigh County, North Dakota.

12. SPOILIATION – NOTICE OF POTENTIAL CLAIMS

BUYER shall promptly notify RRI of all potential claims that arise or result from this contract. BUYER shall also take all reasonable steps to preserve all physical evidence and information that may be relevant to the circumstances surrounding a potential claim, while maintaining public safety, and grants to RRI the opportunity to review and inspect the evidence, including the scene of an accident.

13. INDEMNITY

BUYER agrees to defend, indemnify, and hold harmless the state of North Dakota, its agencies, officers and employees (State) from and against claims based on the vicarious liability of the State or its agents, but not against claims based on the State's contributory negligence, comparative and/or contributory negligence or fault, sole negligence, or intentional misconduct. The legal defense provided by BUYER to the State under this provision must be free of any conflicts of interest, even if retention of separate legal counsel for the State is necessary. Any attorney appointed to represent the State must first qualify as and be appointed by the North Dakota Attorney General as a Special Assistant Attorney General as required under N.D.C.C. § 54-12-08. BUYER also agrees to reimburse the State for all costs, expenses and attorneys' fees incurred if the State prevails in an action against BUYER establishing and litigating the indemnification coverage provided herein. This obligation shall continue after the termination of this agreement.

14. INSURANCE

The RRI and BUYER each shall secure and keep in force during the term of this agreement, from an insurance company, government self-insurance pool or government self-retention fund authorized to do business in North Dakota, commercial general liability with minimum limits of liability of \$1,000,000 per occurrence.

15. ATTORNEY FEES

In the event a lawsuit is instituted by RRI to obtain performance due under this contract, and RRI is the prevailing party, BUYER shall, except when prohibited by N.D.C.C. § 28-26-04, pay RRI'S reasonable attorney fees and costs in connection with the lawsuit.

16. ALTERNATIVE DISPUTE RESOLUTION – JURY TRIAL

RRI does not agree to any form of binding arbitration, mediation, or other forms of mandatory alternative dispute resolution. The parties have the right to enforce their rights and remedies in judicial proceedings. RRI does not waive any right to a jury trial.

17. CONFIDENTIALITY

BUYER shall not use or disclose any information it receives from RRI under this contract that RRI has previously identified as confidential or exempt from mandatory public disclosure except as necessary to carry out the purposes of this contract or as authorized in advance by RRI. RRI shall not disclose any information it receives from BUYER that BUYER has previously identified as confidential and that RRI determines in its sole discretion is protected from mandatory public disclosure under a specific exception to the North Dakota open records law, N.D.C.C. § 44-04-18. The duty of RRI and BUYER to maintain confidentiality of information under this section continues beyond the term of this contract, or any extensions or renewals of it.

18. COMPLIANCE WITH PUBLIC RECORDS LAW

BUYER understands that, except for disclosures prohibited in this contract, RRI must disclose to the public upon request any records it receives from BUYER. BUYER further understands that any records that are obtained or generated by BUYER under this contract, except for records that are confidential under this contract, may, under certain circumstances, be open to the public upon request under the North Dakota open records law. BUYER agrees to contact RRI immediately upon receiving a request for information under the open records law and to comply with RRI'S instructions on how to respond to the request.

The RRI, the Attorney General of the State of North Dakota, the Risk Management Division of the Office of Management and Budget, and the federal government and their duly authorized representatives, may have access to the books, documents, papers, and records of BUYER which are directly pertinent to this contract for the purpose of making audit, examination, excerpts, and transcripts.

19. INDEPENDENT ENTITY

BUYER is an independent entity under this contract and is not a state employee for any purpose, including the application of the Social Security Act, the Fair Labor Standards Act, the Federal Insurance Contribution Act, the North Dakota Unemployment Compensation Law and the North Dakota Workers' Compensation Act. BUYER retains sole and absolute discretion in the manner and means of carrying out BUYER'S activities and responsibilities under this contract, except to the extent specified in this contract.

20. NONDISCRIMINATION AND COMPLIANCE WITH LAWS

BUYER agrees to comply with all applicable laws, rules, regulations and policies, including those relating to nondiscrimination, accessibility and civil rights. BUYER agrees to timely file all required reports, make required payroll deductions, and timely pay all taxes and premiums owed, including sales and use taxes and unemployment compensation, and workers' compensation premiums. BUYER shall have and keep current at all times during the term of this contract all licenses and permits required by law.

21. STATE AUDIT

All records, regardless of physical form, and the accounting practices and procedures of BUYER relevant to this contract are subject to examination by the RRI, the North Dakota State Auditor, or the Auditor's designee. BUYER will maintain all such records for at least three years following completion of this contract.

22. MERGER AND MODIFICATION

This contract constitutes the entire agreement between the parties. There are no understandings, agreements, or representations, oral or written, not specified within this contract. This contract may not be modified, supplemented or amended, in any manner, except by written agreement signed by both parties.

23. EFFECTIVENESS OF CONTRACT

This contract is not effective until fully executed by both parties.

BUYER

RRI

Rough Rider Industries

Signature:

Signature:

Printed Name:

Printed Name:

Title:

Title:

Date:

Date: