

CONTRACT BETWEEN
KITITAS COUNTY AUDITOR
AND
SUBAGENT
BRENT EDWARD SCHMITTEN dba GARY GUZZIE INSURANCE

This contract entered into by and between the Kittitas County Auditor (hereafter called Agent) and **Brent Edward Schmitten** doing business as **Gary Guzzie Insurance** (hereafter called Subagent). This Contract replaces any previous Contract, known or unknown, made between the Agent and Subagent.

This Contract is made under the provisions of Title 42 of the Revised Code of Washington RCW 88.02.040, RCW 39.04.190, and RCW 46.01.130 and 140.

In consideration of the terms and conditions contained herein, the parties agree as follows:

SPECIAL TERMS AND CONDITIONS

1. PURPOSE OF THIS CONTRACT

The purpose of this Contract is to provide for the terms and conditions under which Agent and Subagent shall perform vehicle and vessel registration and license activities pursuant to RCW 46.01.130 and 140, under which the Department of Licensing (DOL) provides the "standard contract" for all County Auditors and County Agents.

2. SCOPE OF SERVICES

Subagent shall perform all necessary functions relating to the licensing of vehicles and vessels, issuance of vehicle license number plates and vessel decals and other similar services under the direction and supervision of Agent. The Subagent shall collect all appropriate fees, excise taxes and other taxes. The services shall be provided to the customers of the State of Washington and to foreign jurisdictions upon receipt of applications for requests of service and payment of requisite fees.

3. STATEMENT OF WORK

The Parties shall furnish the necessary personnel, equipment, materials and/or services and otherwise do all things necessary for or incidental to the performance of the work set forth in the *Special Terms and Conditions*, *General Terms and Conditions*, (Attachment A), and the *Statement of Work* (Attachment B).

4. APPOINTMENT

Agent has been appointed an Agent by DOL, pursuant to RCW 46.01.130 for the purpose of licensing and titling vehicles and vessels and collecting vehicle and vessel fees and excise taxes. Subagents appointed by DOL shall enter into a "standard contract" with the Agent prior to performing licensing functions. **Brent Edward Schmitten** has accepted the appointment as Subagent for the Kittitas Agent and shall perform the duties set forth in this Contract.

4.1 APPOINTMENT AND TERMINATION OF SUBAGENT

In accordance with RCW 46.01.140, Subagents are appointed by the Department of Licensing for the purpose of providing vehicle and vessel titling and licensing services to the public, in addition to other services allowable by law or by policy that may be appropriate and within the parameters of this Contract.

4.2 **DOL shall:**

4.2.1 Approve the appointment of Subagents in accordance with VEH.8 as currently written, and as amended in the future.

- 4.2.2 Adhere to established standards when appointing or terminating Agents or Subagents and when relocating its Agent and Subagent offices.

4.3 **Agent shall:**

If a Subagent sole appointee or single remaining appointee dies or becomes incapacitated and cannot actively participate in the management of the Subagent appointment, Agent shall begin the process to replace or recommend a successor.

Agent shall assess the viability of continued operation of the Subagency appointment and confer with DOL on the appropriate course of action, so that appointment of a successor Subagent can be made within six (6) months of the death or incapacity of the Subagent appointee. In the interim, Agent and/or DOL may take such actions as necessary for the continued provision of services.

5. PERIOD OF PERFORMANCE

- 5.1 Subject to its other provisions, this Contract shall begin on the **date of execution** and shall end **June 30, 2014**, unless terminated sooner or extended as provided herein.
- 5.2 This Contract must be reviewed for modification or amendment, no later than five (5) years from the date of execution, or sooner as deemed necessary at DOL's discretion.
- 5.3 This Contract may be extended once for a period of no more than five (5) years from the expiration date, for a total period of performance under this Contract not to exceed ten (10) years.
- 5.4 Extension renewal may be accomplished by DOL providing an amendment of this Contract and signed by both parties. Any modifications or amendment shall be agreed to by written amendment with mutual consent of all parties as provided in the *General Terms and Conditions, Attachment A, Section 3, Contract Alterations and Amendments*.

6. FUNDING CONTINGENCY

This Contract is void upon formal action of the State Legislature, county governing body, statutory prohibition, or failure to provide funding for performance of duties provided herein.

7. CONSIDERATION

Subagent shall charge, collect and retain the fees as authorized by RCW 46.01.140. In licensing vehicles and vessels Subagent shall process the collection of license fees and taxes by using DOL Vehicle Field System (VFS), and shall not impose or collect a fee or services charge other than those allowed by RCW 46.01.140, or other applicable statute or rule.

8. CONTRACT ADMINISTRATION

8.1 AGENT

The Agent shall serve as or shall appoint a Contract Manager for this contract. The Contract Manager shall monitor the performance of Subagent under this Contract, approve billings submitted by Subagent, and receive any reports provided by Subagent. The Contract Manager shall provide and facilitate assistance, guidance and training to Subagent as necessary. Agent shall provide Subagent with Agent Contract Manager's name, address and telephone number and any subsequent changes made.

8.2 SUBAGENT

Subagent shall serve as or shall appoint a Contract Manager for this contract and

shall provide to Agent's Contract Manager the Subagent Contract Manager's name, address, telephone number and any subsequent changes made.

9. CONTRACT MANAGEMENT AND NOTICES

The Contract Manager for each of the parties shall be responsible for, and shall be the contact person for, all communications and billings regarding the performance of this Contract, as indicated in the *Contract Management Table* below.

CONTRACT MANAGEMENT TABLE

| Subagent Contract Manager is: | The Agent Contract Manager is: | DOL Contract Manager is: |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Brent Edward Schmitten Gary Guzzie Insurance 216 Pennsylvania Avenue Cle Elum, WA 98922 Phone: (509) 674-4433 FAX: (509) 674-2512 E-Mail: brent@mrandsins.com | Jerald V. Pettit Kittitas County Auditor 205 West 5th Avenue #105 Ellensburg, WA 98926 Phone: (509) 962-7557 FAX: (509) 962-7687 E-Mail: jerry.pettit@co.kittitas.wa.gov | Sheila Hadden, Liaison & Support Services Department of Licensing PO Box 9037 Olympia, WA 98507-9037 Phone: (360) 902-3718 FAX: (360) 570-7834 E-Mail: shadden@dol.wa.gov |

10. ALL WRITING CONTAINED HEREIN

This Contract together with Attachments, Exhibits, Guides, e-Guide, Policies/Procedures and other documents incorporated by reference contains all the terms and conditions agreed upon by the parties. This Contract supersedes all prior contracts addressing the relationship of the parties and the subject matter of this Contract. No other understandings, oral or otherwise, regarding the subject matter of this Contract shall be deemed to exist or to bind any of the parties hereto.

11. CONTRACT MAY BE EXECUTED IN COUNTERPARTS

This Contract may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one (1) and the same Contract.

12. IN WITNESS WHEREOF

Agent and Subagent have executed this Contract as of the date and year written below. The persons signing below hereby warrant that they have the authority to execute this Contract and bind the respective parties to this Contract.

Subagent:


Signature Date 10/30/13

Brent Edward Schmitten
Print Name & Title

Agent:

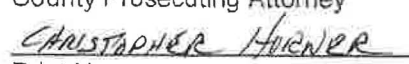

Signature Date 11/1/13

Jerald V. Pettit
Print Name & Title

APPROVED AS TO FORM ONLY

Jerald Anderson (Signature on file) 8/21/05
Jerald Anderson, AAG for DOL Date

APPROVED AS TO FORM ONLY

County Prosecuting Attorney Date

Print Name

ATTACHMENT A
GENERAL TERMS AND CONDITIONS

1. RECORDS, DOCUMENTS, AND REPORTS

Subagent shall maintain books, records, documents and other evidence of accounting procedures and practices which sufficiently and properly reflect all direct and indirect costs of any nature expended in the performance of this Contract according to the "VFS Receipts and Reports Distribution and Retention Schedule" incorporated herein by reference. These records shall be subject at all reasonable times for inspection, review, or audit by personnel duly authorized by DOL, the Office of the State Auditor, and federal officials so authorized by law, rule, regulation, or Contract. Subagent shall retain all books, records, documents, and other materials relevant to this Contract. Subagent shall be responsible for any audit exceptions or disallowed costs incurred by Subagent or any of its Subcontractors or employees.

2. CONFIDENTIALITY OF INFORMATION

2.1 Subagent shall:

- 2.1.1 Adhere to all applicable current or future statutory or administrative rules including, but not limited to, chapter RCW 42.56, RCW 46.12.370, RCW 46.12.380, and WAC 308-10, and DOL Policy/ Procedure VEH.17, as now or hereafter amended, regulating disclosure, the right of privacy, and confidentiality related to all information and data to which Subagent has access under this Contract.
- 2.1.2 Not use or furnish to any person, corporation, partnership, association, or organization of any kind for any commercial purpose by itself or by any other entity, any of the individual owners' name or address information, or part thereof, provided by DOL under this Contract for the purpose of making any unsolicited business contact with the individuals names therein.
- 2.1.3 Notify Agent in writing within five (5) business days of becoming aware of any unauthorized access, use or disclosure. Subagent shall indemnify and hold harmless Agent and DOL for any damages related to unauthorized use or disclosure by the Subagent's officers, directors, and employees.
- 2.1.4 DEFINITIONS
 - 2.1.4.1 "Salting" is the act of introducing data containing unique but false information that can be used later to identify inappropriate disclosure of information.
 - 2.1.4.2 "Unsolicited business contact" means a contact that is intended to result in, or promote the sale of, any goods or services to a person named in the disclosed information, including the Agent or Subagent.
- 2.1.5 This subsection shall not prevent Subagent from requesting additional specific exceptions from this section from DOL, subject to prior conditions imposed by Agent and DOL.
- 2.1.6 No exceptions shall be valid unless approved in writing by Agent and the Director of DOL or Designee and accompanied by a statement of conditions, if any, imposed on such approval, prior to the intended use of the information which is the subject of the exception.
- 2.1.7 This contract does not in any way limit DOL's authority to monitor, audit, or investigate the use of personal information collected, used or acquired by the

Agent or Subagent through this Contract. The monitoring, auditing, or investigating may include but is not limited to "salting" by DOL.

3. CONTRACT ALTERATIONS, CHANGES, AND AMENDMENTS

To insure that all contracts between Agents and Subagents remain a "standard contract" as intended by RCW 46.01.140, this Contract may not be amended by Agent or Subagent unless prior approval is obtained from the DOL Director or designee after considering recommendations of the Title and Registration Advisory Committee. Any such approved changes shall require DOL to provide an amendment for all Agent/Subagent contracts (i.e. change one change them all, no individual amendments are permitted) and must be made in writing and require approval by all parties and shall be incorporated into this Contract.

Subagent shall comply with all applicable laws, ordinances, codes, regulations, and policies of local, state, and federal governments.

4. INDEPENDENT CAPACITY

The employees or agents of each party who are engaged in the performance of this Contract shall continue to be employees or agents of that party and shall not be considered for any purpose to be employees or agents of the other party.

5. DOL PROCEDURE MODIFICATION

Only DOL may modify the Vehicle Services Division Policy/Procedures and the Vehicle System Operating Guide (e-guide), incorporated herein by reference, so as to incorporate statutory amendments or, to improve quality of services to the public. DOL will solicit the advice of stakeholders including but not limited to the Washington Association of Vehicle Subagents (WAVS) and Washington State Association of County Auditors (WSACA) prior to the adoption of modifications.

6. DISPUTES

If a dispute arises under this Contract, Subagent shall send notification in accordance with *Section 15 Notification, Attachment A, General Terms and Conditions*, and the dispute shall be considered by the convening of a Review Board (Section 16). The Review Board shall handle disputes in the same manner as appeals as set out in *Attachment A, General Terms and Conditions*, Sections 16 through 25 of this Contract and contained herein.

7. TERMINATION BY AGENT

7.1 Subagent's failure to comply with any provision in this contract constitutes a breach and grounds for Agent to terminate this Contract. Agent may notify Subagent of such breach and allow Subagent a reasonable opportunity, of not more than thirty (30) calendar days after notification, to cure the breach.

If the breach cannot be cured within thirty (30) calendar days, Agent may grant Subagent additional time to cure, if Subagent undertook substantial and continuing action to cure the breach within the thirty (30) days. If Subagent fails to comply with this Contract, as existing or amended, more than three (3) times within a twelve (12) month period, Agent may terminate this Contract without giving prior notice or opportunity to cure.

7.2 A material breach of the Contract constitutes grounds for immediate termination of this Contract.

7.3 In addition, the following non-inclusive list of conduct by Subagent constitutes grounds for immediate termination of the Contract.

7.3.1 Offering a bribe, accepting a bribe or soliciting a bribe in the course of Subagent's business.

- 7.3.2 Charging or soliciting payment of, fees other than those prescribed by law; making "kickbacks" of fees or reimbursement/refunding of fees or making any economic inducement for the purpose of soliciting or increasing service volume of the Subagent.
- 7.3.3 Making false or fraudulent written statements.
- 7.3.4 The current misuse of narcotics or other controlled substances.
- 7.3.5 The Subagent's conviction of a felony.
- 7.3.6 The conviction of a misdemeanor or gross misdemeanor related to the performance of services provided for in this Contract.
- 7.3.7 Failure to properly remedy inappropriate conduct by Subagent or Subagent's employees after Agent has provided written notification to Subagent about the conduct.
- 7.3.8 Committing any act of fraudulent or dishonest dealing or crime involving moral turpitude.
- 7.3.9 Misuse of public trust pertaining to his/her position as a Subagent.
- 7.3.10 Failing to provide sufficient oversight to prevent fraud or illegal acts of employees.
- 7.3.11 Abandoning the business.
- 7.3.12 Revocation of bond or cancellation or lapse of insurance required in Section 3, *Statement of Work, Attachment B* if not replaced or reinstated by cancellation date.
- 7.4 If this Contract is terminated for breach, Agent must provide seven (7) calendar days written notice of termination to the Subagent, by issuing a written "Notice of Termination" according to Section 9, *General Terms and Conditions, Attachment A, "Termination Notice"*.
- 7.5 If Agent determines an emergency exists, Agent may immediately terminate this Contract without prior notice to Subagent.
- 7.6 Unless an emergency exists, before Agent terminates this Contract, Agent must perform an audit at Subagent's business location and take immediate possession of all documents, money and any other materials related to the services described in this Contract. Upon completion of the audit, Agent shall issue a written "*Termination of Contract*". If Agent decides to cancel the termination, Agent shall issue a written "*Cancellation of Termination of Contract*".
- 7.7 Subagent shall pay all outstanding monies owed to Agent and DOL immediately at the time of termination.
- 8. TERMINATION BY SUBAGENT
Subagent may terminate this Contract at any time by providing written notice to Agent of Subagent's intent to terminate on a date certain, which shall not be less than thirty (30) days from the date of the notice.
- 9. TERMINATION NOTICE
Notice of termination shall be conclusively deemed to have been delivered to, and received by, the other party as of midnight of the third (3rd) calendar day following the date of its posting in the United States mail, both first class and certified return receipt requested, addressed as provided in Section 8, *Special Terms and Conditions, "Contract*

Administration," of this Contract, in the absence of actual delivery to and receipt by the party by mail or other means at an earlier date and/or time.

10. RETURN OF EQUIPMENT

Subagent shall immediately return all equipment and supplies provided by Agent and DOL upon termination of this Contract or revocation of Subagent's appointment.

11. RIGHT TO APPEAL

Subagent shall have the right to appeal a termination or a suspension of this Contract to a Review Board. Other forms of disciplinary action, as described in this Contract, are not subject to appeals.

12. AGENT ACTION NOT STAYED BY APPEAL

"Agent's" termination or suspension of this Contract shall not be stayed during the pendency of an appeal.

13. TIME LIMIT FOR APPEALING

Subagent shall appeal a termination for cause or suspension within thirty (30) calendar days of receiving the written "Termination of Contract" or "Suspension of Contract" from Agent. Failure of Subagent to appeal within the thirty (30) calendar day appeal period constitutes a complete waiver of the right to appeal.

14. NOTICE OF APPEAL CONTENT

14.1 The Subagent shall appeal a termination or suspension by sending a written "Notice of Appeal" to the Agent.

14.2 The "Notice of Appeal" shall specify the decision of the Agent that is being appealed and the reason the appeal is being made.

15. NOTIFICATION

15.1 The Subagent shall send copies of the "Notice of Appeal" to the President of the Washington Association of Vehicle Subagents (WAVS), the President of the Washington State Association of County Auditors (WSACA), and the Director of the DOL or designee.

15.2 The "Notice of Appeal" to the Agent and all copies of the "Notice of Appeal" shall be sent by certified mail (return receipt requested) or personally served.

16. CONVENING THE REVIEW BOARD

At the direction of DOL, the Presidents of WAVS and WSACA shall convene a Review Board to consider the merit of the appeal or dispute.

17. COMPOSITION OF REVIEW BOARD

17.1 The Review Board shall comprise the following persons:

17.1.1 A representative from WSACA appointed by WSACA in accordance with WSACA policy.

17.1.2 A representative of WAVS appointed by WAVS in accordance with WAVS policy.

17.1.3 The Director of DOL or designee;

17.2 Members of the Review Board shall not have had prior involvement with the specific allegation(s) to be ruled upon. Members of WSACA and WAVS shall not be from the same county as the Subagent being reviewed. The panel shall elect its own Chairperson by majority rule.

18. QUORUM
All three (3) members of the Review Board shall constitute a quorum of the board in order to prevent tie votes.
19. LOCATION OF THE REVIEW BOARD HEARING
The Review Board shall hold a hearing in the County in which the termination, suspension or dispute took place unless another mutually agreeable site is selected.
20. TIME OF REVIEW BOARD HEARING
If Subagent requested a Review Board hearing, it must take place within thirty (30) calendar days of the date the "Notice of Appeal" was received by Agent, unless an alternative mutually agreeable date is selected.
21. BURDEN OF PROOF
In the appeal, the burden of proof shall be on the appealing Subagent to show by a preponderance of evidence that the termination by the Agent was without cause or that the suspension was invalid.
22. REVIEW BOARD HEARING PROCEDURE EVIDENCE
 - 22.1 Documentary evidence may be submitted in addition to or instead of witness testimony. The Rules of Evidence shall not apply but the Review Board shall consider only relevant evidence.
 - 22.2 Review Board members may ask questions of any witness in an orderly fashion at any time in the proceeding.
 - 22.3 Recording of the Review Board hearing shall not be required but may be allowed.
 - 22.4 Review Board members shall not have discussions with DOL, Agent or Subagent or their representatives, regarding the substantive merits of the allegation(s) to be discussed at the hearing unless all parties or their representatives are present.
23. LENGTH OF PRESENTATION
At the beginning of the hearing the Review Board shall announce how much time the Appellant Subagent and Respondent Agent shall be allotted to present their cases. The exact amount of time can vary from hearing to hearing. Each side shall be allocated an equal and sufficient amount of time to present their case in chief; in addition, the Appellant Subagent shall be allowed an additional short period for rebuttal.
24. REMEDIES
At least two (2) members of the Review Board must agree for the Review Board's decision to become final. The Review Board may announce its decision orally at the conclusion of the hearing but must issue a written decision within ten (10) calendar days after the conclusion of the review hearing. The Review Board can affirm or reverse the Agent's final decision or it can remand the matter to the Agent for imposition of other sanctions. Subagent and Agent both agree that the review Board's decision shall be the final decision under this Contract.
25. SANCTIONS, COST OF APPEAL HEARINGS, AND DISPUTES
 - a. 25.1 The party that prevails before the Review Board can submit a written request to each member of the Review Board that heard the appeal requesting that the prevailing party be awarded reasonable costs for the appeal or dispute. Attorney's fees are not recoverable as part of the reasonable costs that the Review Board may award.
 - b. 25.2 The Review Board must receive a written request for a cost of appeal or dispute hearing within seven (7) calendar days of the Review Board's final written or oral decision or else this Contractual right is waived.

- c. 25.3 The Review Board shall award reasonable costs to Subagent only if it finds that Agent's termination or suspension of the Contract was clearly incorrect or insignificant. The Review Board shall award reasonable costs to the Agent only in the event that it finds that the Subagent's appeal was clearly erroneous or frivolous.
- d. 25.4 Dispute costs will be handled on an individual basis and the costs shall follow the appeals guidelines if determined applicable.

26. ORDER OF PRECEDENCE

26.1 If there is an inconsistency in this Contract that is not otherwise provided for the inconsistency shall be resolved by giving precedence in the following order to:

- 26.1.1 Applicable Federal and Washington State Statutes and Regulations.
- 26.1.2 This Contract, all amendments, attachments, and exhibits incorporated by reference.
- 26.1.3 DOL Policies/Procedure, the Vehicle Services Division Policies/Procedures and the Title and Registration Electronic Operating Guide (e-Guide) or instruction provided electronically.
- 26.1.4 Regardless of the medium, any future revisions of training materials, applicable updates, and instructions provided electronically, sometimes referred to as "mail box" items.

27. GOVERNING LAW AND VENUE

This Contract shall be governed by the laws of the State of Washington. Venue of any lawsuit filed by any party against the other party arising in whole or in part of this Contract shall be in the Superior Court for the County where the Subagency is located.

28. SEVERABILITY

If any provision of this Contract or any provision of any document incorporated by reference shall be held invalid, such invalidity shall not affect the other provisions of this Contract, which can be given effect without the invalid provision, if such remainder conforms to the requirements of applicable law and the fundamental purpose of this Contract, and to this end the provisions of this Contract are declared to be severable.

29. ASSIGNMENT

This Contract may not be assigned by either Agent or Subagent. RCW 46.01.140 governs the selection of Subagents.

30. WAIVER

A failure by either party to exercise its rights under this Contract shall not preclude that party from subsequent exercise of such rights and shall not constitute a waiver of any other rights under this Contract unless stated to be such in writing, signed by an authorized representative of the party and attached to the original Contract.

31. AUDIT

DOL or DOL's designee may conduct audits and inspections, during normal business hours, of Subagent's licensing transactions, revenue collections and deposits, records, inventories, equipment, and performance, all of which pertain to the vehicle and vessel licensing activities of this Contract. Only information related to the performance of this Contract may be inspected or audited. Information of a proprietary nature including profit & loss statements, balance sheets, employee records and income statements are considered outside the scope of this section. Agent and Subagent will take immediate action to address all discrepancies enumerated in Contract statements signed at the conclusion of Subagent audit as provided in DOL Policy/Procedure VEH.3 as now or

hereafter amended. DOL will provide the Agent with a report of the audit for distribution to the Subagent. DOL will provide the audit report to Agent. Agent may conduct periodic audits of vehicle and vessel licensing and titling transactions and end of day reports to ensure compliance with DOL Policies/Procedures. Agent shall provide copies of all audits of Subagency to the Subagent and DOL.

32. NONDISCRIMINATION AND CIVIL RIGHTS

During the performance of this Contract, Subagent shall comply with all Federal and State nondiscrimination laws, regulations and policies. If Subagent does not comply with any nondiscrimination law, regulation, or policy this Contract may be terminated in whole or in part, and Subagent may be declared ineligible for further contracts with DOL. Subagent shall be given a reasonable time in which to cure noncompliance. Any dispute may be resolved in accordance to Section 6, *General Terms and Conditions, Dispute* Attachment A.

33. AMERICANS WITH DISABILITIES ACT (ADA) OF 1990, PUBLIC LAW 101-336 ("ADA" 28 CFR PART 35)

Subagent must comply with the ADA, which provides comprehensive civil rights protection to individuals with disabilities in the areas of employment, public accommodations, state and local government services, and telecommunications.

**ATTACHMENT B
STATEMENT OF WORK**

DELIVERABLES AND DATA RESPONSIBILITIES

1. SERVICE QUALITY

- 1.1 Subagent shall provide courteous, accurate, efficient and timely customer service in a professional manner as required by the Department of Licensing, Vehicle Services Division Policies/Procedure, VEH.3, Section H "Standards of Service to the Public".
- 1.2 Subagent is responsible for maintaining a clean, sanitary facility demonstrating a standard of professionalism.
- 1.3 Subagent shall be responsible for processing all licensing functions to achieve a level of one hundred percent (100%) accuracy. If Subagent's accuracy level falls below ninety-five percent (95%) accuracy, based upon the number of transaction processed by Subagent within a continuous six (6) month period, this Contract may be terminated by Agent, subject to Section 7, *General Terms and Conditions, Termination by Agent*, and Subagent shall be responsible for all of Agent's costs related to closing the Subagency due to Subagent's errors. Accuracy level relates to transactions containing documents, which if missing or processed incorrectly would invalidate a certificate of ownership, as set forth in DOL directives/procedures.
- 1.4 Subagent shall require its employees to perform at the same level and quality of service as provided in this section.
- 1.5 Agent shall monitor Subagent and Subagent's employees to determine service quality. Monitoring may consist of, but is not limited to, evaluations of comments from the public, periodic reports, observed practices of Subagency and its compliance with DOL Policies/Procedures. Subagent shall permit DOL to perform compliance audits, as provided in DOL Policy/Procedure VEH.3 as now or hereafter amended.
- 1.6 When DOL or Agent deems Subagents service quality is deficient or when Agent and Subagent agree that service is to be modified, Subagent shall make good faith efforts to improve or modify the service accordingly. If Agent deems that Subagent did not make a good faith effort, Agent shall document in writing the deficiencies and notify Subagent that Subagent must develop:
 - within thirty (30) calendar days of such notice, develop a corrective action plan and;
 - within sixty (60) calendar days of such notice develop, provide specified progress attained as defined in the corrective action plan and;
 - within ninety (90) calendar days of such notice, satisfactorily resolve the deficiencies.

If not satisfactorily resolved, the Agent may proceed with disciplinary action as specified in Section 11, *Statement of Work, Attachment B, Disciplinary*.

2. REVENUE ACCOUNTABILITY

Subagent shall collect and account for vehicle and vessel license fees, taxes, and other fees, as provided in DOL Vehicle Services Division Policy/Procedure VEH.7 and VEH.10, as now or hereafter amended.

- 2.1 Subagent shall immediately restrictively endorse each negotiable instrument received in payment of services performed according to this Contract.
- 2.2 In the event of theft, burglary, or destruction of revenue collected by Subagent, Subagent shall immediately initiate contact with all person(s) who issued a negotiable instrument, which was stolen or destroyed, and request replacement payments in the amount previously rendered, and instruct all persons to void the previously submitted

negotiable instrument. All costs related to recovery of the amount stolen or destroyed are the responsibility of the Subagent.

- 2.3 Subagent shall make restitution to Agent within forty-eight (48) hours of receiving Agent or DOL notification that Subagent has insufficient funds to process the daily Automated Clearinghouse Tape (ACH) withdrawal. With the exception of theft, burglary or destruction of revenue collected by Subagent, then 2.4 applies.
- 2.4 At the time of loss, Subagent shall notify the proper law enforcement authorities and file an insurance claim for the loss. Subagent shall provide Agent and DOL with the law enforcement case number, insurance company claim number and the insurance adjuster name and telephone number. Subagent shall make restitution to Agent within fifteen (15) calendar days of filing a claim.

3. INSURANCE AND BONDING

Subagent shall procure an endorsement to insurance it may carry, or shall procure a separate policy to indemnify Agent against all insurable loss, damage, destruction, or theft of any or all of the following DOL properties:

- 3.1 The replacement cost of DOL supplies provided by Agent to Subagent in Section 7, *Statement of Work, Attachment B, Supplies*, of this Contract. The minimum amount of insurance coverage required or procured shall be calculated on reorder levels provided in DOL Vehicle Services Division Policy/Procedure VEH.11, as now or hereafter amended.
- 3.2 The cost of equipment provided by DOL to Subagent in Section 8 *Statement of Work, Attachment B, Equipment*, of this Contract. The amount of insurance shall provide for installation and replacement costs for the same or equivalent of the equipment lost or damaged.
- 3.3 Agent shall be named as an additional insured and loss payee as to the loss, damage, destruction or theft of the supplies and equipment. Agent may disapprove any such insurance by providing reasons of inadequacies in the policy or endorsement.
- 3.4 Any insurance endorsement or policy shall be written by an insurer authorized to transact business in the State of Washington and shall require the insurer to provide Agent thirty (30) calendar days prior written notice of any cancellation or alteration of the endorsement or policy affecting the insurance coverage.
- 3.5 Subagent shall procure a fidelity bond or its equivalent, satisfactory under DOL Vehicle Services Division Policy/Procedure VEH.3 and VEH.7 as now or hereafter amended and shall have a deductible provision of no greater than two thousand dollars (\$2,000.00). The bond shall be written by an insurer authorized to transact surety business in the State of Washington and shall require the insurer to provide Agent thirty (30) calendar days written prior notice of any cancellation or alteration of the bond.
- 3.6 Subagent shall procure premises and operations and keep in force liability insurance coverage in the minimum amount of three hundred thousand dollars (\$300,000.00) naming Agent as an additional insured. The insurance shall cover bodily injury and property damage.
- 3.7 Subagent shall apply for and obtain from the Department of Labor and Industry a certificate of Industrial Insurance as provided by Title 51 RCW. Subagent shall keep evidence of continuing Industrial Insurance coverage on file with Agent.

4. DEFINITIONS

Terms used in this section have the following meanings:

- 4.1 "Education Mode" means the software program, which emulates the full business operation of the Vehicle Field System. This mode is used as practice to train individuals on the system without creating or updating "real" vehicle or vessel database records.
- 4.2 "Production Mode" means the full business mode available to each licensing office to do "live" business transactions, which update the database. Individuals use this mode after they have been trained in Education Mode.

5. EDUCATION AND TRAINING

Agent shall ensure that all licensing personnel assigned the responsibility of processing title and licensing registration applications and performing other licensing functions receive adequate education and training to enable the person to complete normal title and license functions and properly disburse inventory and documents and operate the equipment provided.

- 5.1 DOL, Washington Association of Vehicle Subagents (WAVS) and Washington State Association of County Auditors (WSACA) will collaborate in the development of a certification committee to ensure proficient and consistent application of titling and licensing functions.

5.2 Agent shall provide training and education in:

- 5.2.1 Basic education, training, and qualifying new operators.
- 5.2.2 Continuing Education and Training.
- 5.2.3 Standards training to improve accuracy and performance.

5.3 Agent will provide Subagent the following DOL provided materials to assist Subagent in conducting education and training of licensing personnel:

- 5.3.1 Testing and oversight of training of Subagent appointee and Subagent employees,
- 5.3.2 Training overall business operations for new and replacement Subagents.
- 5.3.3 Electronic mailbox, other training aids, and assistance when available;
- 5.3.4 Qualification standards;
- 5.3.5 Vehicle Services Division Policies/Procedures; and,
- 5.3.6 VFS Operating Guide (e-Guide).

5.4 Subagent is responsible for:

- 5.4.1 Education and training of Subagent employees in the operations and functions relating to titling and licensing of vehicles and vessels.

5.5 CONTINUING EDUCATION AND TRAINING

- 5.5.1 Agent shall provide continuing education and training to Subagent's licensing personnel regarding new and amended laws, rules, and procedures. DOL or Agent will develop training materials, schedule training meetings, and conduct classes as necessary to maintain competency in the Subagent's licensing staff.

5.6 STANDARDS TRAINING

- 5.6.1 Agent shall monitor Subagent's performance of all vehicle and vessel licensing functions for courteous, accurate, and professional conduct. Agent will advise Subagent when the Subagent's performance does not meet the standards set in

this Contract. Agent and Subagent shall coordinate their efforts to improve the standards in a timely and cost effective manner.

- 5.6.2 Agent shall provide training to improve standards in processing license applications and other functions performed by Subagent's licensing personnel.
- 5.6.3 Agent shall conduct periodic education and training classes to improve the performance and accuracy of Subagent's licensing personnel.
- 5.6.4 Subagent shall ensure the attendance of Subagent's licensing personnel at training classes as required by DOL or Agent, to maintain competency in the licensing functions and to improve knowledge and functionality of the individuals.
- 5.6.5 DOL has agreed to maintain a Field Support Unit (FSU) for education and training of Agent and Subagent.

6. SUPPLIES AND EQUIPMENT

- 6.1 DOL will provide supplies, equipment, and equipment maintenance under the terms and conditions set forth below.
- 6.2 Supplies and equipment furnished by DOL shall be used solely for the performance of this Contract unless otherwise authorized by DOL.
- 6.3 DOL will provide Subagents access to DOL vehicle/vessel records on the Vehicle Headquarter system for the purpose of inquiry and to update those records as to licensing, registration, and titling.
- 6.4 Subagent shall make changes directly to information stored in DOL's vehicle and vessel information files only as may be authorized by DOL, pursuant to this Contract.

6.5 DEFINITIONS

Terms used in this section have the following meanings:

- 6.5.1 "Supplies" means, but is not limited to; paper products, expendable items used on computer equipment provided by DOL, license plates, year and month tabs, vessel decals, veteran emblems, and disabled person placards, all of which are further defined in the Title and Registration Services Operating Manual (e-Guide).
- 6.5.2 "Supplies" does not include general office items such as pens and pencils, writing paper, and envelopes, unless such items have unique uses in the performance of this Contract.
- 6.5.3 "Equipment" means, but is not limited to; monitors, printers, software, wiring from the router to the individual workstations, keyboard and hub and other items that are necessary for functional operation of the Vehicle Field System (VFS) operation system.
- 6.5.4 "Equipment" does not include document-scanning units, mail sorting units, office furniture, or other equipment purchased by the Subagent for its own use.
- 6.5.5 "Accountable item" means an inventory item of supplies provided by DOL, which are exchanged by the Subagents to customers for a fee. Accountable items include, but are not limited to; vehicle license plates, license plate tabs, vessel decals, veteran emblems, various permits, and forms for which a fee is collected.
- 6.5.6 "Vehicle Field System (VFS)" means the automated computer system and corresponding policies and procedures used when processing vehicle and

vessel title and licensing transactions and for the collection and accounting of State revenues pursuant to this Contract.

7. SUPPLIES

- 7.1 Agent shall issue or make available at Agent location to Subagent, in a timely and cost efficient manner, supplies needed by the Subagent to properly perform duties under this Contract. Supplies provided will be inventoried and controlled, as provided in Vehicle Services Division Policy/Procedure VEH.11, as now or hereafter amended.
- 7.2 Subagent shall protect supplies from damage including, but not limited to water, wind, fire, and extreme temperature variations. Subagent shall provide basic care of supplies to protect them against all damage, destruction, and theft of any or all of the supplies.
- 7.3 All accountable items shall be stored when not in use during the business day, within locked cabinets, storage rooms, or some other secured environment. A total of two (2) locks must be between the outside public and the secured accountable items during non business hours. Example: Locks on the entry door(s) to office and the accountable item storage room.
- 7.4 All supplies furnished by DOL under this Contract with Agent and subsequently furnished by Agent to Subagent under this Contract shall remain the property of DOL and DOL shall retain full title and all rights associated with ownership. The supplies shall not become fixtures. The Subagent shall not encumber or permit an encumbrance upon the State's title to the supplies, or the supplies themselves, in any manner.
- 7.5 Risk of, and responsibility for, loss or damage to the supplies during transportation or removal by DOL or its representatives shall be upon DOL.
- 7.6 Risk of, and responsibility for, loss or damage while supplies are in the care and custody of Agent shall be upon Agent.
- 7.7 Risk of, and responsibility for, loss or damage while supplies are in the care and custody of Subagent shall be upon Subagent.

8. EQUIPMENT

- 8.1 DOL will select and provide to Subagent, under separate Contract with Agent, the equipment and communications lines necessary to provide access from Subagent's location to DOL's vehicle and vessel records files. The equipment shall be installed by or at the direct supervision of DOL, or its authorized Contractor or agent, without cost to the Subagent. DOL, or its authorized Contractor or agent, will test the equipment and lines initially to ensure that they are functional at the time of installation.
- 8.2 DOL will install the equipment at a location DOL, Agent and Subagent mutually agree to, using criteria developed by DOL as set forth in DOL Vehicle Services Division Policy/Procedures as now or hereafter amended. Subagent shall not cause or permit any major relocation or disconnection of the equipment once installed, without the prior approval of DOL. A major relocation would be to pick up and move the monitor, keyboard or CPU from one location to another. Any request for major relocation of equipment must be accompanied by a detailed floor plan of the new location. DOL, or its authorized Contractor or agent, shall carry out all major relocations.
- 8.3 Subagent shall provide necessary internal electrical power outlets, telephone lines and access terminals identified by DOL as being required to facilitate the installation or relocation of equipment provided by DOL.
- 8.4 Subagent shall reimburse Agent for all of DOL's costs incurred by DOL, or its authorized Contractor or agents, for relocation or disconnection of equipment. Costs shall include, but may not be limited to; relocation or installation of communication lines, additional parts and equipment, and direct and indirect labor and travel expenses as provided in

RCW chapter 43.03. DOL shall furnish an itemized invoice of all costs incurred upon completion of the relocation or disconnection. Subagent shall remit payment in full to Agent or at Agent's option, to DOL within thirty (30) calendar days from the date on the DOL invoice or at such other time as agreed to in writing.

- 8.5 The number of VFS workstations allocated to Subagent shall be based on criteria developed by DOL, as set forth in DOL Vehicle Services Division Policy/Procedure VEH.9, as now or hereafter amended. Agent and Subagent will regularly monitor the validity of Subagent VFS workstation allocations. Consideration for any adjustment in the numbers of workstations allocated under this Contract will be made primarily for providing sufficient automated equipment to maintain customer service while improving the efficiency and cost-effectiveness of Subagent's vehicle and vessel licensing activities.
 - 8.6 Subagent shall use the equipment for the purposes of carrying out its responsibilities under this Contract and as a Subagent of the Agent, appointed pursuant to RCW 46.01.140 and as an agent of Washington State Department of Revenue for purposes of collecting use tax under RCW 82.12, and for no other purposes without specific written authorization from Agent and DOL. Subagent shall operate the equipment in accordance with the instructions provided by the department.
 - 8.7 Subagent shall use reasonable care to protect the equipment from damage by environmental events, including, but not limited to; water, wind, fire, and extreme temperature variations. Subagent shall provide basic care of equipment to protect it against damage, destruction, and theft of any and all of the equipment. All equipment shall be located in a secured environment when not in use.
 - 8.8 The equipment furnished by DOL under this Contract shall be located upon the premises of Subagent where it is installed. Subagent shall make the equipment accessible only to authorized personnel of the Agent, DOL, and DOL Contractors or representatives. Subagent shall take all necessary steps to ensure the equipment is used only for the purposes provided under this Contract and only by authorized personnel of the Agent, Subagent and DOL.
 - 8.9 Subagent shall not connect, or permit to be connected, any additional equipment to the communications line, or modify, add parts or remove parts from the equipment, or add any software packages to the hard drive without the expressed written consent of Agent and DOL.
 - 8.10 All equipment furnished by DOL under this Contract with Agent and subsequently furnished by Agent to Subagent under this Contract shall remain the property of DOL and DOL shall retain full title and all rights associated with ownership. The equipment shall not become a fixture. Subagent shall not encumber, or permit an encumbrance upon, the State's title to the equipment, or the equipment itself, in any manner.
 - 8.11 Risk of, and responsibility for, loss or damage to the equipment during transportation, installation, maintenance, or removal by DOL or its representatives, shall be upon DOL. Risk of, and responsibility for, loss or damage to the equipment while in the care and custody of Subagent, except for loss or damage caused by ordinary wear and tear or by Agent or DOL or its authorized representatives, shall be upon Subagent.
9. MAINTENANCE OF EQUIPMENT
- 9.1 DOL is responsible to provide all maintenance, repair and replacement for equipment provided by DOL. It is DOL's exclusive right to determine the amount and extent of repair or maintenance required and for the replacement of equipment when deemed advisable by DOL or its representatives.
 - 9.2 Subagent shall ensure that no food or beverages are stored or consumed at or near any workstation in order to preclude accidental damage to workstation computer equipment.

- 9.3 DOL will provide maintenance services as soon as reasonably possible following notification to DOL by Agent or Subagent of a malfunction of the equipment.
- 9.4 DOL has sole discretion to determine the need for maintenance or engineering support, and to determine the appropriate solution to any malfunction of the equipment or communications line. DOL shall not be responsible to Agent and Agent shall not be responsible to Subagent for any down time during the normal operating hours of the communications line.
- 9.5 Subagent shall contact Agent and DOL as soon as possible of any malfunction of the equipment or of communications line problems. Subagent shall provide full, free, and safe access to the equipment and communications lines by DOL, DOL representatives and other persons authorized by DOL as necessary to perform maintenance, between the hours of 8:00 a.m. and 5:00 p.m. on any business day which is not a state holiday.
- 9.6 Cost of repair, replacement, and maintenance of the equipment provided by DOL pursuant to this Contract is the responsibility of DOL. Subagent shall reimburse DOL for any and all costs incurred for the repair, replacement, and maintenance of the equipment when the repair, replacement, or maintenance is required due to the failure of Subagent to provide basic care of the equipment, as provided under this Contract or when the equipment is damaged or otherwise malfunctions through misuse, fault or neglect of Subagent.

10. SITE PREPARATION

- 10.1 Subagent shall provide all office furniture and make any and all modifications to the site where the equipment is installed and provided by DOL pursuant to Section 8, *Statement of Work, Attachment B, Equipment*. Subagent shall provide a site floor plan setting forth the positioning of the furniture, electrical service, customer service areas, and any other requirements requested by DOL prior to Agent and DOL's approval of an original or relocation site. Subagent is responsible for all site remodeling, procurement of furniture required to accommodate equipment and obtaining the necessary approvals of building owner and local building code authorities.
- 10.2 Subagent shall provide a dedicated electrical circuit of 20 amps for each two (2) workstations of equipment provided by DOL. A dedicated circuit means there will be no other electrical appliance connected to that circuit except the workstation equipment provided by DOL.
- 10.3 Subagent shall provide one (1) dedicated, 20-amp electrical circuit for the hub, router, and DSU combination. This is separate from the requirements in 10.2 above.
- 10.4 Subagent is responsible for procuring and installing wiring/cabling if the wiring/cabling is routed through a wall or floor, inside a wall or through a ceiling, inside a cable pole or a covered floor cable, or is over fifteen (15) feet in length. Subagent is responsible for pre-drilling a hole, 2-1/2 inch diameter for installation or wiring/cabling through counter tops or wall of cabinets. If wiring/cabling has to be routed across the floor, Subagent is responsible for assuring that such floor wiring/cabling is under a table or desk and does not cross nor impede walkways in conformity with local building and safety codes and Occupational Safety and Health Administration (OSHA) and Washington Industrial Safety and Health Act (WISHA) rules administered by the Washington State Department of Labor and Industries (LNI).

11. DISCIPLINE

11.1 Introduction

Agent may impose discipline other than termination of this Contract, commensurate with the breach or deficiency to be corrected. The following is a list of actions that may be taken, listed in order of increasing severity. This list is not intended to be all-inclusive nor is there any requirement that discipline necessarily start at the lowest level and be sequential.

11.2 TYPES OF DISCIPLINARY ACTION

11.2.1 Oral Warning

When giving an oral warning, inappropriate conduct or breach of Contract shall be brought to Subagent's attention orally within fifteen (15) calendar days of discovery of such conduct. Whether the oral warning is provided in person or telephonically, the Subagent, must be advised that the particular communication is an "*Oral Warning*" under this Contract. Agent shall keep a formal record of the date and subject of the oral warning in their file. An oral warning is not subject to notice and hearing requirements or any grievance procedure.

11.2.2 Written Reprimand

When inappropriate conduct or a breach of Contract is continual, or when in the Agent's best judgment the severity of such conduct or breach warrants it, a written reprimand may be issued to a Subagent within thirty (30) calendar days of discovery of the conduct or breach. The document issued by Agent to Subagent shall state that it constitutes a "*Written Reprimand*" pursuant to this Contract. Subagent can send a written response to a written reprimand within forty-five (45) calendar days of discovery to be maintained in the Agent's file. If such response is sent, and a disagreement remains unresolved, Agent, Subagent and a mutually agreed upon third (3rd) party shall meet to resolve the matter within thirty (30) calendar days. Such resolution shall be issued in writing and mailed certified return receipt requested to all parties.

11.3 SUSPENSION OF CONTRACT

Agent may suspend the authority of Subagent to perform under the terms of this Contract for a specified period of time for continuing inappropriate conduct or continuing breach of Contract or any one offense when the severity of such conduct or breach warrants it.

11.3.1 Procedure

Agent shall provide Subagent and DOL thirty (30) calendar days' prior written notice of the suspension of Contract unless Agent deems that an emergency exists. The document issued by Agent to Subagent shall state that it constitutes a "*Notice of Suspension of Contract*" pursuant to the requirements of this Contract. The "*Notice of Suspension of Contract*" shall state the effective date of the suspension.

When an emergency exists, Agent shall immediately suspend the Contract without written prior notice to the Subagent. Subagent may seek a prompt hearing under the terms of Right to Appeal.

In a non-emergency situation and before the effective date of the suspension of the Contract (either with or without written prior notice), Agent shall perform an audit at the Subagent's business location. At the conclusion of the audit, Agent shall affirm the suspension by issuing a written "*Preliminary Suspension of Contract*" or shall cancel the suspension. If the Contract is suspended, the "*Preliminary Suspension of Contract*" shall again state the date the suspension takes effect.

11.3.2 Informal Suspension Meeting

At the conclusion of the suspension audit, if Agent decides to continue with the suspension by issuing a written "*Preliminary Suspension of Contract*," Agent shall arrange for an informal meeting of Agent and Subagent prior to the effective date of imposition of suspension. The meeting shall take place within five (5) calendar working days of the date of the written "*Preliminary Suspension of Contract*," unless Agent and Subagent mutually agree upon another date.

Subagent may waive this informal meeting by giving written notice to Agent within three (3) calendar days of the date of the "*Preliminary Suspension of Contract*". If

the meeting is waived, the "*Preliminary Suspension of Contract*" shall become the final decision of the Agent, unless Agent elects to modify its decision by issuing a final decision, titled a "*Suspension of Contract*". For purposes of appealing a suspension, when an informal suspension meeting has been waived, the time to appeal begins running from the date of Subagent's written notice of intention to waive the informal meeting.

If Subagent wants to participate in an informal meeting Subagent shall be given an opportunity to respond orally or in writing to the written Agent "*Preliminary Suspension of Contract*" and to be represented at the informal meeting by counsel.

Agent shall issue a written final decision on the suspension within five (5) business days of the informal suspension meeting. If Agent and Subagent agree that it is in the public's interest, Subagent may remain open until the final decision is issued. If the suspension is confirmed, a final written decision, the "*Suspension of Contract*", shall be issued and include the effective date and duration of the suspension and any corrective action required by the Subagent. The Agent shall then take immediate possession of all documents, money and any other materials related to the services described in this Contract for the duration of the suspension. If the decision to suspend the Contract is withdrawn, a written "*Cancellation of Preliminary Suspension of Contract*" shall be issued within five (5) business days.

11.4 GROUNDS FOR DISCIPLINE

11.4.1 The following non-inclusive list of inappropriate conduct constitutes matters for which Agent can discipline Subagent:

11.4.1.1 Deliberately destroying, damaging or defacing public property, machinery or equipment.

11.4.1.2 Being intoxicated at the work site or arriving on the job under the influence of intoxicating substances.

11.4.1.3 Failing to comply with Washington State Department of Licensing (DOL) Division Policy/Procedures.

12. PAYMENT IN THE EVENT OF TERMINATION

If this Contract is terminated, each party shall be responsible for the actual costs they have incurred during their performance under this Contract, and neither party shall be obligated to the other party for such costs. All fees and taxes collected by Subagent and payable to the State of Washington or to Agent are due and payable to DOL and to Agent as provided in this Contract.

13. DATE OF TERMINATION

The date of termination shall be the day after the expiration of the time to appeal or the date of issuance of the final notice of termination by the Review Board, whichever is sooner. Termination is not an exclusive remedy.

14. LIMITATION ON LIABILITY AND RESPONSIBILITY

14.1 In no event shall the State of Washington, DOL, the Director of DOL, DOL employees, or any authorized representatives of DOL, be liable to Subagent for any damages, costs, lost production, or any other loss of any kind for failure of DOL's equipment, hardware, or software to perform for any reason, or for the loss or consequential damage which is the result of acts of God, strikes, lockouts, riots, acts of war, epidemics, acts of fire, failure of communications or computer equipment, facilities or software power failure, nuclear accidents, terrorist act (according to RCW 70.74.285), or other disasters.

14.2 In no event shall the Subagent and the Subagent's employees be liable to DOL for any damages, costs, lost production, or any other loss of any kind for failure of DOL's equipment, hardware, or software to perform for any reason, or for the loss or

consequential damage which is the result of acts of God, strikes, lockouts, riots, acts of war, epidemics, acts of fire, failure of communications or computer equipment, facilities or software power failure, nuclear accidents, terrorist act or other disasters.

- 14.3 In no event shall Agent and Agent's employees, or any authorized representatives of Agent be liable for any claim of any nature against Subagent by any party arising from any failure in the service furnished by Subagent under this Contract, for any errors, mistakes, omissions, or acts on the part of Subagent which result in the failure to properly release vehicles and vessel title interests.
- 14.4 In no event shall Subagent or Subagent's employees be liable for any claim of any nature against Agent by any party arising from any failure in the service furnished by Agent under this Contract, for any errors, mistakes, omissions, or acts on the part of Agent or its authorized representatives, which result in the failure to properly release vehicle and vessel title interests
- 14.5 For the purposes of this Contract "terrorist act" means an act that is intended to:
- (1) Intimidate or coerce a civilian population;
 - (2) influence the policy of a branch or level of government by intimidation or coercion;
 - (3) affect the conduct of a branch or level of government by intimidation or coercion; or,
 - (4) retaliate against a branch or level of government for a policy or conduct of the government.