

Title/Subject: **BUSINESS RELATIONSHIPS**

Applies to: faculty staff students student employees visitors contractors

Effective Date of This Revision: October 13, 2010

Contact for More Information: General Counsel, Contracting & Purchasing Services

Board Policy Administrative Policy Procedure Guideline

Central Michigan University (“CMU”) routinely enters into business relationships with businesses and independent contractors (collectively “contractors”). University resources and public funds will not be put to their best use if CMU enters into such relationships with contractors who are unable or unwilling to honor their commitments and/or perform at acceptable levels. CMU adopts the following procedures to help avoid entering into business relationships with such contractors.

1. The Contracting & Purchasing Services offices (“CPS”) shall maintain a list of contractors who will be reviewed before CMU enters into a new business relationship with them (the “Review List”). The CPS will update the list not less than twice per year.
2. A contractor may be placed on the Review List by CPS, the General Counsel (“GC”), or the President.
3. A contractor may be placed on the Review List for any lawful reason that, in the judgment of the CPS, the GC, or the President, makes it prudent to review matters before entering into a new business relationship with the contractor.
4. Reasons for placing a contractor on the Review List include, but are not limited to, the following:
 - (a) in the judgment of the CPS, the GC, or the President, the contractor failed, in some material respect, to fulfill its obligations under a prior contract or business relationship with CMU; (b) an adjudicative body has concluded that the contractor failed, in some material respect, to fulfill its obligations under a prior contract or business relationship with CMU or some other party; (c) in the judgment of the CPS, the GC, or the President, the contractor is failing, in some material respect, to fulfill its obligations under an ongoing contract or business relationship with CMU; or (d) a dispute has arisen between CMU and the contractor that has resulted in (i) CMU or the contractor providing notice of possible litigation between them, (ii) the initiation of litigation between them, or (iii) the initiation of an alternative dispute resolution process between them.
5. The Review List is preliminary and advisory to any decision. A contractor’s presence on the Review List does not reflect a decision that CMU will refuse to enter into a new contract or business relationship with the contractor or give rise to a presumption against doing so.
6. The CPS and/or GC will alert the President or the President’s designee (the “Administrator”) of any proposed new business relationship with any contractor who appears on the Review List. The President or Administrator will then review the facts presented by the CPS and/or GC and

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determine whether, under the circumstances, it is prudent for CMU to enter into a new contract or business relationship with the contractor.

7. The President or Administrator may decide that it is imprudent to enter into a new contract or business relationship with the contractor for any reason permitted by law and CMU policy. Such reasons include, but are not limited to, the following: (a) the financial instability of the contractor; (b) the contractor's failure to perform, in some material respect, its obligations under a prior contract or business relationship with CMU; or (c) the contractor's failure to perform, in some material respect, its obligations under a contract or business relationship with a third party.
8. In conducting this review, the President or Administrator may consider statements, conduct, testimony, and documents that have come to light in the course of litigation between CMU and the contractor. The fact that the contractor initiated litigation against CMU will not, however, serve in whole or in part as a basis for refusing to enter into new contracts or business relationships with the contractor.
9. For purposes of these procedures, "adjudicative body" includes a court, arbitrator, mediator, facilitator, or other method of dispute resolution.
10. For purposes of these procedures, "contract or business relationship" includes not only formal contracts, but any arrangement under which a contractor provides goods or services in exchange for the payment of funds (or the provision of goods or services) from CMU.
11. Nothing in these procedures is intended to excuse CMU from its performance of any existing contract or to limit any excuses for such performance that may be available to CMU under existing law.

Central Michigan University reserves the right to make exceptions to, modify or eliminate this policy and or its content. This document supersedes all previous policies, procedures or guidelines relative to this subject.