

**STATE OF HAWAII  
CONTRACT FOR GOODS OR SERVICES  
BASED UPON COMPETITIVE SEALED PROPOSALS**

This Agreement, executed on the respective dates indicated below, is effective as of June 23, 2014, between the OFFICE OF ELECTIONS, State of Hawaii ("STATE"), by its CHIEF ELECTION OFFICER, (hereafter also referred to as the HEAD OF THE PURCHASING AGENCY or designee ("HOPA")), whose address is 802 Lehua Avenue, Pearl City, Hawaii 96782 and BPRO, INC. ("CONTRACTOR"), a CORPORATION, under the laws of the State of SOUTH DAKOTA, whose business address and taxpayer identification number are as follows: 124 WEST DAKOTA AVENUE, PIERRE, SOUTH DAKOTA, 57501, FEDERAL TAX NO. 46-0446113, HAWAII TAX NO. W49605885-01.

**RECITALS**

A. WHEREAS, the STATE desires to retain and engage the CONTRACTOR to provide the goods or services, or both, described in this Contract and its attachments, and the CONTRACTOR is agreeable to providing said goods or services or both.

B. WHEREAS, the STATE has issued a request for competitive sealed proposals, and has received and reviewed proposals submitted in response to the request.

C. WHEREAS, the solicitation for proposals and the selection of the CONTRACTOR were made in accordance with section 103D-303, Hawaii Revised Statutes ("HRS"), Hawaii Administrative Rules, Title 3, Department of Accounting and General Services, Subtitle 11 ("HAR"), Chapter 122, Subchapter 6, and applicable procedures established by the appropriate Chief Procurement Officer ("CPO").

D. WHEREAS, the CONTRACTOR has been identified as the responsible and responsive offeror whose proposal is the most advantageous for the STATE, taking into consideration price and the evaluation factors set forth in the request.

E. WHEREAS, the CONTRACTOR represents, warrants, and covenants that all factual information delivered or that will be delivered in writing by or on behalf of the CONTRACTOR to the STATE for purposes of or in connection with the Contract is true and accurate in all respects and does not omit any fact necessary to prevent such information from being misleading in any respect.

F. WHEREAS, pursuant to HRS §§ 11-1.55 & 103D-303, the STATE is authorized to enter into this Contract.

G. WHEREAS, money is available to fund this Contract pursuant to the Help America Vote Act (S-228-10) (Federal) in the amount of \$1,686,198.74.

NOW, THEREFORE, in consideration of the promises contained in this Contract, the STATE and the CONTRACTOR agree as follows:

1. Scope of Services. The CONTRACTOR shall, in a proper and satisfactory manner as determined by the STATE, provide all the goods or services, or both, set forth in Attachment-S1, which is made a part of this Contract.

2. Compensation. The CONTRACTOR shall be compensated for goods supplied or services performed, or both, under this Contract in a total amount not to exceed ONE MILLION SIX HUNDRED EIGHTY SIX THOUSAND ONE HUNDRED NINETY EIGHT AND 74/100 DOLLARS (\$1,686,198.74), including approved costs incurred and taxes, at the time and in the manner set forth in the Compensation and Payment Schedule set forth in Attachment-S-2, which is made a part of this Contract.

3. Time of Performance. The services required of the CONTRACTOR under this Contract shall be performed and completed in accordance with the Time of Performance set forth in Attachment-S3, which is made a part of this Contract.

4. Bonds. The CONTRACTOR is not required to provide a performance bond or payment bond.

5. Standards of Conduct Declaration. The Standards of Conduct Declaration of the CONTRACTOR is attached to and made a part of this Contract.

6. Certificate of Exemption from Civil Service. The Certificate of Exemption from Civil Services is identified as Attachment-S4 and is attached and made a part of this Contract.

7. Other Terms and Conditions. The General Conditions, as provided in Appendix D to the RFP, and the Special Conditions as set forth in Attachment-S5 are attached and made a part of this Contract. In the event of a conflict between the General Conditions and the Special Conditions, the Special Conditions shall control. In the event of a conflict between the Special Conditions and the Scope of Services, Time of Performance, Compensation, or any other part of the Contract, the Special Conditions shall control. In the event of a conflict among the documents, the order of precedence shall be as follows: (1) this Contract, including all attachments and addenda; (2) the RFP, including all attachment and addenda; and (3) the Proposal.

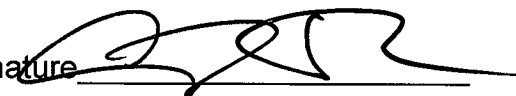
8. Notices. Any written notice required to be given by a party to this Contract shall be (a) delivered personally, or (b) sent by United States first class mail, postage prepaid. Notice to the STATE shall be sent to the Office of Elections at 802 Lehua Avenue, Pearl City, Hawaii 96782. Notice to the CONTRACTOR shall be sent to the

CONTRACTOR'S address as indicated in the Contract. A notice shall be deemed to have been received three (3) days after mailing or at the time of actual receipt, whichever is earlier. The CONTRACTOR is responsible for notifying the STATE in writing of any change of address.

9. Counterparts and Delivery. This Contract may be executed in multiple counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. Delivery of any signature pages or other attachments to this Contract by facsimile transmission or as a PDF attachment to an email message shall have the same effect as the manual delivery of an original of said signature page or attachment, and all such signature pages or attachments will be deemed to be as valid as an original whether or not a Party delivers manually the signature pages or attachments to this Contract, although it is the Parties' intention to deliver any signature pages or attachments after any facsimile or email delivery.

IN VIEW OF THE ABOVE, the parties execute this Contract by their signatures,  
on the dates below, to be effective as of the date first written above.

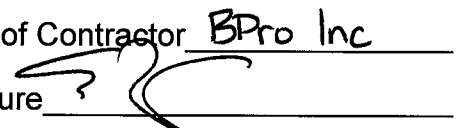
STATE

Signature   
Print Name Scott T. Nago  
Print Title Chief Election Officer  
Date June 23, 2014

CORPORATE SEAL

(If available)

CONTRACTOR

Name of Contractor BPro Inc  
Signature   
Print Name Brandon Campea  
Print Title President \*  
Date 6/17/2014

APPROVED AS TO FORM

  
General Counsel

\*Evidence of authority of the CONTRACTOR'S representative to sign this Contract for  
the CONTRACTOR must be attached.



STATE OF HAWAII

CONTRACTOR'S ACKNOWLEDGMENT

STATE OF South Dakota )
) SS.
COUNTY OF Hughes )

On this 17th day of June, 2014 before me appeared
Brandon Campea and of BPro, Inc, to me
known, to be the person(s) described in and, who, being by me duly sworn, did say that he/she/they is/are
Brandon Campea and of BPro, Inc of
, the
CONTRACTOR named in the foregoing instrument, and that he/she/they is/are authorized to sign said
instrument on behalf of the CONTRACTOR, and acknowledges that he/she/they executed said
instrument as the free act and deed of the CONTRACTOR.



Gina Schuetzle
(Signature)
Gina Schuetzle
(Print Name)

Notary Public, State of South Dakota

My commission expires: My Commission Expires
December 12, 2018

Doc. Date: June 17, 2014 # Pages: 48
Notary Name: Gina Schuetzle Circuit
Doc. Description: Contract

Gina Schuetzle
Notary Signature Date 6/17/14

NOTARY CERTIFICATION



**STATE OF HAWAII**  
**CONTRACTOR'S**  
**STANDARDS OF CONDUCT DECLARATION**

For the purposes of this declaration:

"Agency" means and includes the State, the legislature and its committees, all executive departments, boards, commissions, committees, bureaus, offices; and all independent commissions and other establishments of the state government but excluding the courts.

"Controlling interest" means an interest in a business or other undertaking which is sufficient in fact to control, whether the interest is greater or less than fifty per cent (50%).


"Employee" means any nominated, appointed, or elected officer or employee of the State, including members of boards, commissions, and committees, and employees under contract to the State or of the constitutional convention, but excluding legislators, delegates to the constitutional convention, justices, and judges. (Section 84-3, HRS).

On behalf of BPRO, INC., CONTRACTOR, the undersigned does declare as follows:

1. CONTRACTOR  is  is not a legislator or an employee or a business in which a legislator or an employee has a controlling interest. (Section 84-15(a), HRS).
2. CONTRACTOR has not been represented or assisted personally in the matter by an individual who has been an employee of the agency awarding this Contract within the preceding two years and who participated while so employed in the matter with which the Contract is directly concerned. (Section 84-15(b), HRS).
3. CONTRACTOR has not been assisted or represented by a legislator or employee for a fee or other compensation to obtain this Contract and will not be assisted or represented by a legislator or employee for a fee or other compensation in the performance of this Contract, if the legislator or employee had been involved in the development or award of the Contract. (Section 84-14 (d), HRS).
4. CONTRACTOR has not been represented on matters related to this Contract, for a fee or other consideration by an individual who, within the past twelve (12) months, has been an agency employee, or in the case of the Legislature, a legislator, and participated while an employee or legislator on matters related to this Contract. (Sections 84-18(b) and (c), HRS).

CONTRACTOR understands that the Contract to which this document is attached is voidable on behalf of the STATE if this Contract was entered into in violation of any provision of chapter 84, Hawaii Revised Statutes, commonly referred to as the Code of Ethics, including the provisions which are the source of the declarations above. Additionally, any fee, compensation, gift, or profit received by any person as a result of a violation of the Code of Ethics may be recovered by the STATE.

\* **Reminder to Agency:** If the "is" block is checked and if the Contract involves goods or services of a value in excess of \$10,000, the Contract must be awarded by competitive sealed bidding under section 103D-302, HRS, or a competitive sealed proposal under section 103D-303, HRS. Otherwise, the Agency may not award the Contract unless it posts a notice of its intent to award it and files a copy of the notice with the State Ethics Commission. (Section 84-15(a), HRS).

**CONTRACTOR**  
 By   
(Signature)  
 Print Name Brandon Campea  
 Print Title President  
 Name of Contractor BPro Inc  
 Date 6/19/2014



STATE OF HAWAII

CERTIFICATE OF EXEMPTION FROM CIVIL SERVICE

1. By Heads of Departments Delegated by the Director of the Department of Human Resources Development (“DHRD”).\*

Pursuant to a delegation of the authority by the Director of DHRD, I certify that the services to be provided under this Contract, and the person(s) providing the services under this Contract are exempt from the civil service, pursuant to § 76-16, Hawaii Revised Statutes (HRS).

June 23, 2014

(Signature)

Scott T. Nago

(Print Name)

Chief Election Officer

(Print Title)

(Date)

\* This part of the form may be used by all department heads and the heads of attached agencies to whom the Director of DHRD expressly has delegated authority to certify § 76-16, HRS, civil service exemptions. The specific paragraph(s) of § 76-16, HRS, upon which an exemption is based should be noted in the contract file. If an exemption is based on § 76-16(b)(15), the contract must meet the following conditions:

- (1) It involves the delivery of completed work or product by or during a specific time;
(2) There is no employee-employer relationship; and
(3) The authorized funding for the service is from other than the "A" or personal services cost element.

NOTE: Not all attached agencies have received a delegation under § 76-16(b)(15). If in doubt, attached agencies should check with the Director of DHRD prior to certifying an exemption under § 76-16(b)(15). Authority to certify exemptions under §§76-16(b)(2), and 76-16(b)(12), HRS, has not been delegated; only the Director of DHRD may certify §§ 76-16(b)(2), and 76-16(b)(12) exemptions.

2. By the Director of DHRD, State of Hawaii.

I certify that the services to be provided under this Contract, and the person(s) providing the services under this Contract are exempt from the civil service, pursuant to §76-16, HRS.

(Signature)

(Print Name)

(Print Title, if designee of the Director of DHRD)

(Date)



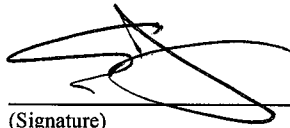
**STATE OF HAWAII**  
**CERTIFICATE OF CURRENT COST OR PRICING DATA**

This is to certify that, to the best of my knowledge and belief, cost or pricing data as defined in section 3-122-122 and submitted pursuant to section 3-122-125; either actually or by specific identification in writing to the procurement officer in support of RFP-14-001-SW \*, are accurate, complete, and current as of June 17, 2014 \*\*\*.  
(month, date, year)

This certification includes the cost or pricing data supporting any advance agreement(s) between the offeror and the (State) which are part of the proposal. Please type or print:

Vendor / Firm: BPro, Inc.	Date of Execution: *** June 17, 2014
------------------------------	---

Name: Brandon Campea	Title President
-------------------------	--------------------

  
\_\_\_\_\_  
(Signature)

Brandon Campea, President  
\_\_\_\_\_  
(Print Name and Title)

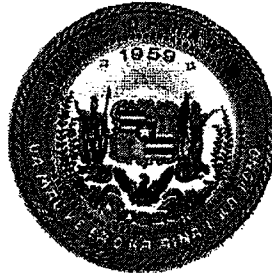
6/17/2014  
\_\_\_\_\_  
(Date)

(End of Certificate)

\* Describe the proposal, quotation, request for price adjustment or other submission involved, giving appropriate identifying number (e.g. RFP Number).

\*\* The effective date shall be a mutually determined date prior to but as close to the date when price negotiations were concluded and the contract price was agreed to as possible. The responsibility of the offeror or contractor is not limited by the personal knowledge of the offeror's or contractor's negotiator if the offeror or contractor had information reasonably available at the time of the agreement, showing that the negotiated price is not based on accurate, complete, and current data.

\*\*\* This date should be as soon after the date when the price negotiations were concluded and the contract price was agreed to as practical.



**STATE OF HAWAII  
STATE PROCUREMENT OFFICE**

**CERTIFICATE OF VENDOR COMPLIANCE**

This document presents the compliance status of the vendor identified below on the issue date with respect to certificates required from the Hawaii Department of Taxation (DOTAX), the Internal Revenue Service, the Hawaii Department of Labor and Industrial Relations (DLIR), and the Hawaii Department of Commerce and Consumer Affairs (DCCA).

**Vendor Name: BPro Inc**

**DBA/Trade Name: BPro Inc**

**Issue Date: 06/03/2014**

**Status: Compliant**

Hawaii Tax#:

FEIN/SSN#: XX-XXX6113

UI#: No record

DCCA FILE#:

**Status of Compliance for this Vendor on issue date:**

Form	Department(s)	Status
A-6	Hawaii Department of Taxation	Compliant
	Internal Revenue Service	Compliant
COGS	Hawaii Department of Commerce & Consumer Affairs	Exempt
LIR27	Hawaii Department of Labor & Industrial Relations	Compliant

**Status Legend:**

Status	Description
Exempt	The entity is exempt from this requirement
Compliant	The entity is compliant with this requirement or the entity is in agreement with agency and actively working towards compliance
Pending	The entity is compliant with DLIR requirement
Submitted	The entity has applied for the certificate but it is awaiting approval
	The entity is not in compliance with the requirement and should contact the issuing agency for more information





124 West Dakota Avenue  
Pierre, SD 57501  
605-224-8114

**BPRO, INC.  
REPRESENTATIVE AUTHORIZATION**

The undersigned being all the Shareholders of the Corporation, consent to and authorize Brandon Campea to execute a contract with the State of Hawaii and to take all further lawful actions in connection with the contract.

Dated: Pierre, South Dakota, June 17, 2014.

  
\_\_\_\_\_  
Brandon Campea, Shareholder,  
representing 26 Shares

  
\_\_\_\_\_  
Brandon Campea, Director

  
\_\_\_\_\_  
Abbey Campea, Shareholder,  
representing 24 Shares

  
\_\_\_\_\_  
Abbey Campea, Director

*Gina Schuetzle, June 17, 2014*

**My Commission Expires  
December 12, 2018**



**WAGE CERTIFICATE  
FOR SERVICE CONTRACTS**  
(See Special Provisions)

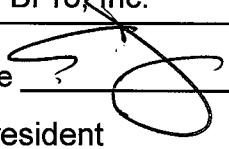
Subject: RFP No.: RFP-14-001-SW  
Statewide Voter Registration System, Online Voter  
Title of RFP: Registration System, and Election Management System

Pursuant to Section 103-55, Hawaii Revised Statutes (HRS), I hereby certify that if awarded the contract in excess of \$25,000, the services to be performed will be performed under the following conditions:

1. All applicable laws of the federal and state governments relating to workers' compensation, unemployment compensation, payment of wages, and safety will be fully complied with; and
2. The services to be rendered shall be performed by employees paid at wages or salaries not less than the wages paid to public officers and employees for similar work, with the exception of professional, managerial, supervisory, and clerical personnel who are not covered by Section 103-55, HRS.

I understand that failure to comply with the above conditions during the period of the contract shall result in cancellation of the contract, unless such noncompliance is corrected within a reasonable period as determined by the procurement officer. Payment in the final settlement of the contract or the release of bonds, if applicable, or both shall not be made unless the procurement officer has determined that the noncompliance has been corrected; and

I further understand that all payments required by Federal and State laws to be made by employers for the benefit of their employees are to be paid in addition to the base wage required by section 103-55, HRS.

Offeror BPro, Inc.  
Signature   
Title President  
Date 6/17/2014



# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
6/5/2014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

**IMPORTANT:** If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

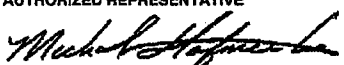
<b>PRODUCER</b> Fischer, Rounds - Pierre P.O. Box 218 Pierre SD 57501-0218	<b>CONTACT NAME:</b> PHONE (A/C No. Ext): 605-224-9223      FAX (A/C No.): 605-224-5831 E-MAIL ADDRESS:	
	<b>INSURER(S) AFFORDING COVERAGE</b> NAIC #	
<b>INSURED</b> BPROI-1 BPro Inc Brandon Campea 124 W Dakota Ave Pierre SD 57501	<b>INSURER A:</b> QBE/General Casualty      24414	
	<b>INSURER B:</b> American Compensation Ins Co	
	<b>INSURER C:</b> Philadelphia Insurance Cos.	
	<b>INSURER D:</b>	
	<b>INSURER E:</b>	
<b>INSURER F:</b>		

**COVERAGES**      **CERTIFICATE NUMBER: 1855083007**      **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<b>GENERAL LIABILITY</b> <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC	Y		CCI0387776	7/20/2013	7/20/2014	EACH OCCURRENCE \$1000000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$100000 MED EXP (Any one person) \$5000 PERSONAL & ADV INJURY \$1000000 GENERAL AGGREGATE \$2000000 PRODUCTS - COMP/OP AGG \$2000000 \$
	<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS						COMBINED SINGLE LIMIT (Ea accident) \$1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
A	<b>UMBRELLA LIAB</b> <input checked="" type="checkbox"/> OCCUR <b>EXCESS LIAB</b> <input type="checkbox"/> CLAIMS-MADE DED <input checked="" type="checkbox"/> RETENTION \$10,000			CCU0387776	7/20/2013	7/20/2014	EACH OCCURRENCE \$3,000,000 AGGREGATE \$3,000,000 \$
B	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) if yes, describe under DESCRIPTION OF OPERATIONS below	Y/N <input checked="" type="checkbox"/> Y	N/A	ACSD000210	1/22/2014	1/22/2015	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$1,000,000 E.L. DISEASE - EA EMPLOYEE \$1,000,000 E.L. DISEASE - POLICY LIMIT \$1,000,000
C	Professional Liability	N		PHSD926284	5/14/2014	5/14/2015	Each Claim 2,000,000 Annual Aggregate 2,000,000 Deductible 5,000

**DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES** (Attach ACORD 101, Additional Remarks Schedule, if more space is required)  
Brandon Campea and Abbey Campea are excluded from Workers Compensation Coverage  
The State of Hawaii, and the counties of Hawaii, Maui, Kauai, and the City and County of Honolulu are added as additional insured on a primary and non-contributory basis.  
The General Liability Policy is endorsed to provide 30 days written notice of cancellation or modification.

<b>CERTIFICATE HOLDER</b> State of Hawaii 802 Lehua Ave Pearl City HI 96782	<b>CANCELLATION</b> SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	<b>AUTHORIZED REPRESENTATIVE</b> 

**SCOPE OF SERVICES**

The CONTRACTOR shall, in a proper and satisfactory manner as determined by the STATE, provide all the goods or services, or both, set forth in the request for competitive sealed proposals number RFP-14-001-SW ("RFP"), including all addenda, and the CONTRACTOR'S accepted proposal ("Proposal"), both of which even if not physically attached to this Contract, are made a part of this Contract. The Proposal includes the CONTRACTOR'S initial proposal on April 4, 2014, documents responsive to addenda issued by the STATE, the CONTRACTOR'S May 13, 2014 clarification summary, and the CONTRACTOR's Best and Final Offer that was submitted on May 20, 2014.

Additionally, the scope of services shall include the following:

1. SYSTEM BASELINE

- a. Existing Modules: For any software modules that exist at the time of the contract, CONTRACTOR will identify the customer and version number of the module and a copy of the module will be archived as the baseline requirements for the particular module. The baseline modules will be deployed as an operational component as a demonstration system. As part of the implementation project, CONTRACTOR will complete a gap analysis for each baseline module with respect to Appendix C of the RFP to identify changes required to the baseline module to comply with Hawaii SVRS requirements.

- b. New Modules: Any new modules will be defined through jointly developed requirements documents and associated screen mocks up. The requirements document and associated screen mocks will constitute the baseline requirements once approved by the customer.

## 2. TEST DEFINITION

- a. CONTRACTOR will work with STATE and County resources to develop and finalize test cases based upon approved functional requirements that document changes or additions to the System Baseline.
- b. CONTRACTOR will work with STATE and County resources to conduct user acceptance testing. User Acceptance Testing (UAT) will address Office of Elections initiated and approved changes or additions made to the established TotalVote functionality as documented relative to the System Baseline and are required to meet Hawaii Statutory and Office of Elections functional & integration requirements. UAT testing will be conducted in the TotalVote Test environment by STATE and County resources. The CONTRACTOR will perform functional and load testing that exercises the entire set of Office of Elections-specific and standard TotalVote system functionality.
- c. CONTRACTOR will facilitate defect/issue tracking from point of entry (tester) through to resolution and release. The defect/issue

tracking system will be available to all designated STATE and County resources and will be used to identify, prioritize and track the results of UAT testing of issues/defects. The Office of Elections will accept individual issue/defect resolutions and approve their incorporation into a formal release for promotion to the TRAINING and PRODUCTION environments.

3. CONTRACTOR has provided a list of standard reports currently supported by Total Vote. The current list of existing reports is as follows: Registration List (Alpha Split, Registration List (Continuous), Absentee Registration List by Precinct, Absentee Registration List, Registered Voters (Active Only), Registered Voters (Active and Inactive), Street Master, Splits, Audit Trail, Voter File Changes, County EAC, Poll Workers, Voters By District Type, Statewide Voters By County, Statewide Voters By Legislative District, Absentee Ballot Statistics, Absentee Voter Info by Election, Voters Moved Out of County, Voter Merges Originating in County, Voter Merges Destined for County, Voter Merges Rejected By Other Counties, Notices Sent by County. This CONTRACTOR may be required to modify any current reports supported by the Total Vote. Additionally, the CONTRACTOR is required to provide whatever additional reports are determined to be necessary by the STATE in order to satisfy the STATE's needs under the Contract.

4. CONTRACTOR will work cooperatively with any voting system vendor or vendors the STATE may use during the term of the Contract to ensure successful election night reporting.



**COMPENSATION AND PAYMENT SCHEDULE**

The CONTRACTOR shall be compensated for goods supplied or services performed, or both, under this Contract in a total amount not to exceed ONE MILLION SIX HUNDRED EIGHTY SIX THOUSAND ONE HUNDRED NINETY EIGHT AND 74/100 DOLLARS (\$1,686,198.74), including approved costs incurred and taxes.

In the event of a contract modification, the modification should describe the compensation and when payment should occur. In the absence of a description of when payment should occur, payment will occur after the delivery of the good or service to the satisfaction of the STATE, and within thirty days of a proper invoice submitted after the delivery of the goods or services. A contract modification may increase the initial not to exceed amount of this contract.

The Compensation and Payment Schedule for the \$1,686,198.74 noted in the Contract shall follow the Proposed Deliverables and Payables Schedule in the CONTRACTOR'S Best and Final Offer, dated May 20, 2014, with the following exceptions, changes, additions, and deletions:

1. All references to "Payable Date" and the dates associated with them are deleted.
2. All references to "Due Date" in the Proposed Deliverables and Payables Schedule hereby refer to when the CONTRACTOR should have completed a particular portion of the project and not when payment is due from the STATE.
3. The STATE expects that it will receive invoices as the project proceeds for the various tasks mentioned in the Proposed Deliverables and Payables Schedule as

those tasks are completed.

4. Payment will be due thirty days after the receipt of a proper invoice, to the extent the STATE is satisfied with the goods or services, and any payment processing requirements are met.

5. The columns entitled "Total" and "Taxes" of the Proposed Deliverables and Payables Schedule are not applicable for invoice purposes. All invoice amounts should be for no more than the "Grand Total" amount of a particular task. As indicated in the Contract, all prices are inclusive of taxes. The STATE will not be responsible for any taxes or any changes in any county or state taxes that the CONTRACTOR may be obligated to pay any governmental entity.

6. As previously noted, the Contract price is \$1,686,198.74. Payments are to be made for goods and services through December 31, 2020. With this in mind, the following reflects the breakdown in costs during this time period. Invoices should not exceed these amounts.

- a. Statewide Voter Registration System Module - \$544,104.96
- b. Online Voter Registration System Module - \$82,644.95
- c. Election Management System Module - \$596,674.83
- d. Annual Maintenance & Licensing - \$462,774.00
  - 1. 2017 - \$53,397
  - 2. 2018 - \$177,990
  - 3. 2019 - \$53,397
  - 4. 2020 - \$177,990
  - 5. Maintenance and licensing will be provided at no cost to the STATE

through December 31, 2016.

6. Unless agreed to by the contrary by the STATE, invoicing for maintenance will be done on a month to month basis (i.e. the annual amount will be divided by twelve and the invoice will be issued at the end of each month after services have been rendered).
7. A contract modification may increase compensation or modify the payment schedule or both.
8. For ease of reference, the following tables are provided to show when certain deliverables are expected to be completed with the corresponding compensation being due thirty days after the receipt of a proper invoice, to the extent the STATE is satisfied with the goods or services, and any payment processing requirements are met. In the event of a conflict between the following tables and the provisions noted above, the provisions above will control.

<b>Voter Registration</b>		
	<b>Est. Completion Date</b>	<b>Total</b>
Deliverables and Payables		
Planning and Design	7/15/2014	\$20,824.83
Travel*		\$10,470.00
Data Conversion	8/15/2014	\$20,824.83
Travel*		\$10,470.00
Voter Applications	10/31/2014	\$60,338.61
Travel*		\$10,470.00
Absentee	12/31/2014	\$60,338.61
Travel*		\$10,470.00
Petition Process	3/1/2015	\$62,207.51
Travel*		\$10,470.00
DMV Interface	5/1/2015	\$59,359.67
Travel*		\$10,470.00
Carryover Items	11/15/2015	\$20,112.87
VR Testing	12/31/2015	\$100,208.37
Full System Test and Data Conversion	2/15/2016	\$51,439.11
Training	3/15/2016	\$25,630.55
		<b>\$544,104.96</b>

**Online Voter Registration**

	Est. Completion Date	Total
Deliverables and Payables		
Planning and Design	7/15/2014	\$2,936.84
Data Conversion	8/15/2014	\$2,936.84
Online Voter Registration	6/15/2015	\$41,738.66
Travel*		\$10,470.00
Affidavits	7/1/2015	\$14,328.20
Carryover Items	11/15/2015	\$889.95
VR Testing	12/31/2015	\$4,449.75
Full System Test and Data Conversion	2/15/2016	\$3,114.83
Training	3/15/2016	\$1,779.88
		<b>\$82,644.95</b>

**Election Management**

	Est. Completion Date	Total
Deliverables and Payables		
Planning and Design	9/15/2014	\$20,913.83
Data Conversion	10/15/2014	\$20,913.83
Candidate Management	1/15/2015	\$66,746.25
Reports	3/15/2015	\$68,882.13
Ballots	4/15/2015	\$31,682.22
ePollbooks	7/1/2015	\$67,814.19
Travel*		\$10,470.00
Election Night Reporting	7/15/2015	\$32,750.16
Voter Information Portal	9/1/2015	\$31,682.22
Travel*		\$10,470.00
Human Resources	10/1/2015	\$34,886.04
Inventory	11/1/2015	\$32,750.16
Travel*		\$10,470.00
Carryover Items	11/15/2015	\$12,815.28
Election Management Testing	12/31/2015	\$65,500.32
Full System Test and Data Conversion	2/15/2016	\$25,630.56
Travel*		\$10,470.00
Training	3/15/2016	\$41,827.64
		<b>\$596,674.83</b>

\*All references to travel in the above tables refer to separate trips to the State of Hawaii for on-site work, involving a minimum of three on-site work days with the STATE and its agents.

<b>Annual Maintenance &amp; Licensing**</b>		
	Est. Completion Date	Total
2017	12/31/2017	\$53,397
2018	12/31/2018	\$177,990
2019	12/31/2019	\$53,397
2020	12/31/2020	\$177,990
		<b>\$462,774</b>

\*\*As previously noted, unless agreed to by the contrary by the STATE, invoicing for maintenance will be done on a month to month basis (i.e. the annual amount will be divided by twelve and the invoice will be issued at the end of each month after services have been rendered). Additionally, the annual maintenance and licensing amounts are based on the continuing model in the State of Hawaii in which regularly scheduled state, federal, and county elections occur in even numbered years, and special elections, such as to fill vacancies, having the ability to occur in odd and even years. To the extent, the law changes to provide for a regularly schedule federal, state, or county to occur in an odd numbered year, the parties will attempt to arrive at a mutually agreeable annual maintenance and licensing amount for an odd numbered year.

**TIME OF PERFORMANCE**

The Time of Performance will occur in conformance with the RFP. Specifically, the three systems will be completed by December 31, 2015. The Proposed Deliverables Schedule and the Timeline in the CONTRACTOR'S Best and Final Offer, dated May 20, 2014, subject to the exceptions, changes, additions, and deletions previously noted in this Contract, will represent the schedule for deliverables from the CONTRACTOR to occur, to the extent it does not conflict with the deadlines in the RFP for the online. Any deliverables in which work was scheduled to begin on June 1, 2014 are amended to reflect that work will begin on the effective date of this Contract. All deliverable dates in the Proposed Deliverable Schedule and Timeline remain in place.

For ease of reference, the following tables reflect the deliverable schedule. In the event of a conflict between the following tables and the provisions noted above, the provisions above will control.

**Voter Registration**

	Est. Completion Date
Deliverables and Payables	
Planning and Design	7/15/2014
Travel*	
Data Conversion	8/15/2014
Travel*	
Voter Applications	10/31/2014
Travel*	
Absentee	12/31/2014
Travel*	
Petition Process	3/1/2015
Travel*	
DMV Interface	5/1/2015
Travel*	
Carryover Items	11/15/2015
VR Testing	12/31/2015
Full System Test and Data	
Conversion	2/15/2016
Training	3/15/2016



<b>Online Voter Registration</b>	Est. Completion Date
Deliverables and Payables	
Planning and Design	7/15/2014
Data Conversion	8/15/2014
Online Voter Registration	6/15/2015
Travel*	
Affidavits	7/1/2015
Carryover Items	11/15/2015
VR Testing	12/31/2015
Full System Test and Data Conversion	2/15/2016
Training	3/15/2016

<b>Election Management</b>	Est. Completion Date
Deliverables and Payables	
Planning and Design	9/15/2014
Data Conversion	10/15/2014
Candidate Management	1/15/2015
Reports	3/15/2015
Ballots	4/15/2015
ePollbooks	7/1/2015
Travel*	
Election Night Reporting	7/15/2015
Voter Information Portal	9/1/2015
Travel*	
Human Resources	10/1/2015
Inventory	11/1/2015
Travel*	
Carryover Items	11/15/2015
Election Management Testing	12/31/2015
Full System Test and Data Conversion	2/15/2016
Travel*	
Training	3/15/2016

\*All references to travel in the above tables refer to separate trips to the State of Hawaii for on-site work, involving a minimum of three on-site work days with the STATE and its agents.

<b>Annual Maintenance &amp; Licensing**</b>	<b>Est. Completion Date</b>
2017	12/31/2017
2018	12/31/2018
2019	12/31/2019
2020	12/31/2020

**SPECIAL CONDITIONS**

The Special Conditions may touch on and modify the Scope of Services, Compensation, Time of Performance, General Conditions, or any other part of the Contract. In the event of a conflict between the Special Conditions and the General Conditions, Scope of Services, Time of Performance, Compensation, or any other part of the Contract, the Special Conditions shall control.

1. The Contract may be modified by a written document signed by the Contract Administrator, or his designee, and CONTRACTOR personnel authorized to sign contracts on behalf of the CONTRACTOR. Additionally, the STATE will have the option, if it chooses, to pay for additional goods or services through a purchase order. As such, notwithstanding any statement to the contrary, a purchase order will satisfy the requirements for a contract modification.

2. The term of the Contract shall be from the Contract effective date up to and including December 31, 2020, with options to extend until December 31, 2030. These options to extend can be exercised through purchase orders for various goods or services covered by the scope of the Contract or any other means of exercising an option to extend in writing that the STATE determines is appropriate.

3. The STATE has the option to obtain annual maintenance and licensing from the CONTRACTOR for the following amounts through December 31, 2030:

- a. 2021 - \$53,397
- b. 2022 - \$177,990
- c. 2023 - \$53,397
- d. 2024 - \$177,990
- e. 2024 - \$53,397
- f. 2025 - \$177,990
- g. 2026 - \$53,397
- h. 2027 - \$177,990
- i. 2028 - \$53,397
- j. 2029 - \$177,990
- k. 2030 - \$53,397

The STATE may elect to extend the contract for licensing and maintenance for any portion of this time frame, including extending on a month by month basis. This extension may be accomplished through the processing of purchase orders in response to invoices for licensing and maintenance.

4. The STATE shall have the option to obtain hosting with Microsoft Azure, through the CONTRACTOR for \$13,000 per year through December 31, 2020, or any portion of this time frame, including on a month to month basis. This may be accomplished through the processing of purchase orders in response to invoices for hosting services. Upon request, the CONTRACTOR shall provide the STATE evidence of the actual cost that the CONTRACTOR may be paying a third party vendor for the hosting services that are to be utilized by the STATE.

To the extent an option to extend is exercised, the STATE shall have the option

to obtain any subsequent form of hosting, through the CONTRACTOR for a mutually agreed upon price. As previously noted, this may be accomplished through the processing of purchase orders in response to invoices for hosting services. Upon request, the CONTRACTOR shall provide the STATE evidence of the actual cost that the CONTRACTOR may be paying a third party vendor for the hosting services that are to be utilized by the STATE.

5. The STATE shall have the option to obtain any form of hosting, through the CONTRACTOR for a mutually agreed upon price per year through December 31, 2030, or any portion of this time frame, including on a month by month basis. This may be accomplished through the processing of purchase orders in response to invoices for hosting services. Upon request, the CONTRACTOR shall provide the STATE evidence of the actual cost that the CONTRACTOR may be paying a third party vendor for the hosting services that are to be utilized by the STATE.

6. The STATE shall have to option to a signature verification subscription, through the CONTRACTOR, for a mutually agreed upon price per year during the term of the Contract. This may be accomplished through the processing of purchase orders Upon request, the CONTRACTOR shall provide the STATE evidence of the actual cost that the CONTRACTOR may be paying a third party vendor for the signature subscription that may be utilized by the STATE.

7. The STATE shall have the option to obtain a Melisa Data subscription, or similar subscription, through the CONTRACTOR, for \$9,000 per year through December 31, 2020. This may be accomplished through the processing of purchase orders. Upon request, the CONTRACTOR shall provide the STATE evidence of the

actual cost that the CONTRACTOR may be paying a third party vendor for the subscription that may be utilized by the STATE. To the extent an option to extend is exercised, the STATE shall have the option to obtain any subsequent subscription, through the CONTRACTOR for a mutually agreed upon price. This may be accomplished through the processing of purchase orders in response to invoices for the subscription service. Upon request, the CONTRACTOR shall provide the STATE evidence of the actual cost that the CONTRACTOR may be paying a third party vendor for the subscription service that is to be utilized by the STATE.

8. The STATE shall have the option to obtain Yubikeys, through the CONTRACTOR, for a mutually agreed price. This may be accomplished through the processing of purchase orders. Upon request, the CONTRACTOR shall provide the STATE evidence of the actual cost that the CONTRACTOR may be paying a third party vendor for the Yubikeys that may be utilized by the STATE.

9. In order to permit the statewide voter registration system, online voter registration system, or election management system to successfully operate, the STATE shall have the option to obtain any goods or services, through the CONTRACTOR for a mutually agreed upon price through December 31, 2030, or any portion of this time frame, including on a month by month basis. This may be accomplished through the processing of purchase orders in response to invoices. Upon request, the CONTRACTOR shall provide the STATE evidence of the actual cost that the CONTRACTOR may be paying a third party vendor for the goods or services.

10. All hours for this Contract will be tracked by the CONTRACTOR. A detailed summary of hours used will be provided upon completion of each deliverable

including annual maintenance. If the number of actual hours used for all modules in total is less than the number budgeted by the CONTRACTOR for the Contract, including any options to extend that may have been exercised, the unused hours will be saved and can be used for future modules or enhancements at the option of the STATE. If number of hours is more than what was budgeted then the STATE will not be charged as this is a fixed price contract. The CONTRACTOR bears any risk of the amount of hours actually being necessary to complete the contract being greater than what it estimated.

11. All travel will be tracked by the CONTRACTOR. A detailed summary of the amount of days will be provided upon completion of each deliverable. If the actual amount of travel days is less than the amount budgeted for the Contract, the unused travel days will be saved and can be used in the future at the option of the STATE. If the amount of days is more than what was budgeted by the CONTRACTOR, then the STATE will not be charged as this is a fixed price contract. The CONTRACTOR bears any risk that the amount of travel costs or travel days or both to complete the Contract is greater than what it estimated.

12. The CONTRACTOR shall assign a staff member, in the form of a developer, to have regular work hours of 8:00 a.m. to 5:00 p.m. Hawaii Standard Time (HST) (Monday through Friday) to be available to provide support to the STATE. This is in addition to and does replace the CONTRACTOR'S obligation to provide appropriate support coverage in conformance with the obligations of the Contract. For example, coverage around critical voter registration deadlines and elections may require additional staff and hours of coverage.

13. As it relates to the implementation of the systems, the CONTRACTOR shall provide on-site support for all elections, in addition to critical voter registration associated with those elections. This on-site support will begin in 2016.

14. Annual maintenance and licensing amounts in this contract are based on the continuing model in the State of Hawaii in which regularly scheduled state, federal, and county elections occur in even numbered years, and special elections, such as to fill vacancies, having the ability to occur in odd and even years. To the extent, the law changes to provide for a regularly schedule federal, state, or county to occur in an odd numbered year, the parties will negotiate a new mutually agreeable annual maintenance and licensing amount for an odd numbered year.

15. For purposes of this Contract, any support of the STATE necessarily includes providing support to the County Clerks and their election staff member as it relates to the operation of any of the systems covered by this CONTRACT. The counties as users of the systems covered by this Contract may contact the CONTRACTOR directly for support.



# GENERAL CONDITIONS

## Table of Contents

	<u>Page(s)</u>
1. Coordination of Services by the STATE.....	2
2. Relationship of Parties: Independent Contractor Status and Responsibilities, Including Tax Responsibilities.....	2
3. Personnel Requirements .....	3
4. Nondiscrimination .....	3
5. Conflicts of Interest .....	3
6. Subcontracts and Assignments .....	3
7. Indemnification and Defense.....	4
8. Cost of Litigation.....	4
9. Liquidated Damages .....	4
10. STATE'S Right of Offset.....	4
11. Disputes .....	4
12. Suspension of Contract.....	4
13. Termination for Default.....	5
14. Termination for Convenience.....	6
15. Claims Based on the Agency Procurement Officer's Actions or Omissions.....	8
16. Costs and Expenses .....	8
17. Payment Procedures; Final Payment; Tax Clearance.....	9
18. Federal Funds .....	9
19. Modifications of Contract.....	9
20. Change Order.....	10
21. Price Adjustment .....	11
22. Variation in Quantity for Definite Quantity Contracts .....	11
23. Changes in Cost-Reimbursement Contract.....	11
24. Confidentiality of Material .....	12
25. Publicity.....	12
26. Ownership Rights and Copyright .....	12
27. Liens and Warranties .....	12
28. Audit of Books and Records of the CONTRACTOR.....	13
29. Cost or Pricing Data .....	13
30. Audit of Cost or Pricing Data.....	13
31. Records Retention.....	13
32. Antitrust Claims.....	13
33. Patented Articles.....	13
34. Governing Law .....	14
35. Compliance with Laws .....	14
36. Conflict between General Conditions and Procurement Rules .....	14
37. Entire Contract.....	14
38. Severability.....	14
39. Waiver .....	14
40. Pollution Control .....	14
41. Campaign Contributions.....	14
42. Confidentiality of Personal Information.....	14

## GENERAL CONDITIONS

1. Coordination of Services by the STATE. The head of the purchasing agency ("HOPA") (which term includes the designee of the HOPA) shall coordinate the services to be provided by the CONTRACTOR in order to complete the performance required in the Contract. The CONTRACTOR shall maintain communications with HOPA at all stages of the CONTRACTOR'S work, and submit to HOPA for resolution any questions which may arise as to the performance of this Contract. "Purchasing agency" as used in these General Conditions means and includes any governmental body which is authorized under chapter 103D, HRS, or its implementing rules and procedures, or by way of delegation, to enter into contracts for the procurement of goods or services or both.
2. Relationship of Parties: Independent Contractor Status and Responsibilities, Including Tax Responsibilities.
  - a. In the performance of services required under this Contract, the CONTRACTOR is an "independent contractor," with the authority and responsibility to control and direct the performance and details of the work and services required under this Contract; however, the STATE shall have a general right to inspect work in progress to determine whether, in the STATE'S opinion, the services are being performed by the CONTRACTOR in compliance with this Contract. Unless otherwise provided by special condition, it is understood that the STATE does not agree to use the CONTRACTOR exclusively, and that the CONTRACTOR is free to contract to provide services to other individuals or entities while under contract with the STATE.
  - b. The CONTRACTOR and the CONTRACTOR'S employees and agents are not by reason of this Contract, agents or employees of the State for any purpose, and the CONTRACTOR and the CONTRACTOR'S employees and agents shall not be entitled to claim or receive from the State any vacation, sick leave, retirement, workers' compensation, unemployment insurance, or other benefits provided to state employees.
  - c. The CONTRACTOR shall be responsible for the accuracy, completeness, and adequacy of the CONTRACTOR'S performance under this Contract. Furthermore, the CONTRACTOR intentionally, voluntarily, and knowingly assumes the sole and entire liability to the CONTRACTOR'S employees and agents, and to any individual not a party to this Contract, for all loss, damage, or injury caused by the CONTRACTOR, or the CONTRACTOR'S employees or agents in the course of their employment.
  - d. The CONTRACTOR shall be responsible for payment of all applicable federal, state, and county taxes and fees which may become due and owing by the CONTRACTOR by reason of this Contract, including but not limited to (i) income taxes, (ii) employment related fees, assessments, and taxes, and (iii) general excise taxes. The CONTRACTOR also is responsible for obtaining all licenses, permits, and certificates that may be required in order to perform this Contract.
  - e. The CONTRACTOR shall obtain a general excise tax license from the Department of Taxation, State of Hawaii, in accordance with section 237-9, HRS, and shall comply with all requirements thereof. The CONTRACTOR shall obtain a tax clearance certificate from the Director of Taxation, State of Hawaii, and the Internal Revenue Service, U.S. Department of the Treasury, showing that all delinquent taxes, if any, levied or accrued under state law and the Internal Revenue Code of 1986, as amended, against the CONTRACTOR have been paid and submit the same to the STATE prior to commencing any performance under this Contract. The CONTRACTOR shall also be solely responsible for meeting all requirements necessary to obtain the tax clearance certificate required for final payment under sections 103-53 and 103D-328, HRS, and paragraph 17 of these General Conditions.
  - f. The CONTRACTOR is responsible for securing all employee-related insurance coverage for the CONTRACTOR and the CONTRACTOR'S employees and agents that is or may be required by law, and for payment of all premiums, costs, and other liabilities associated with securing the insurance coverage.

- g. The CONTRACTOR shall obtain a certificate of compliance issued by the Department of Labor and Industrial Relations, State of Hawaii, in accordance with section 103D-310, HRS, and section 3-122-112, HAR, that is current within six months of the date of issuance.
  - h. The CONTRACTOR shall obtain a certificate of good standing issued by the Department of Commerce and Consumer Affairs, State of Hawaii, in accordance with section 103D-310, HRS, and section 3-122-112, HAR, that is current within six months of the date of issuance.
  - i. In lieu of the above certificates from the Department of Taxation, Labor and Industrial Relations, and Commerce and Consumer Affairs, the CONTRACTOR may submit proof of compliance through the State Procurement Office's designated certification process.
3. Personnel Requirements.
- a. The CONTRACTOR shall secure, at the CONTRACTOR'S own expense, all personnel required to perform this Contract.
  - b. The CONTRACTOR shall ensure that the CONTRACTOR'S employees or agents are experienced and fully qualified to engage in the activities and perform the services required under this Contract, and that all applicable licensing and operating requirements imposed or required under federal, state, or county law, and all applicable accreditation and other standards of quality generally accepted in the field of the activities of such employees and agents are complied with and satisfied.
4. Nondiscrimination. No person performing work under this Contract, including any subcontractor, employee, or agent of the CONTRACTOR, shall engage in any discrimination that is prohibited by any applicable federal, state, or county law.
5. Conflicts of Interest. The CONTRACTOR represents that neither the CONTRACTOR, nor any employee or agent of the CONTRACTOR, presently has any interest, and promises that no such interest, direct or indirect, shall be acquired, that would or might conflict in any manner or degree with the CONTRACTOR'S performance under this Contract.
6. Subcontracts and Assignments. The CONTRACTOR shall not assign or subcontract any of the CONTRACTOR'S duties, obligations, or interests under this Contract and no such assignment or subcontract shall be effective unless (i) the CONTRACTOR obtains the prior written consent of the STATE, and (ii) the CONTRACTOR'S assignee or subcontractor submits to the STATE a tax clearance certificate from the Director of Taxation, State of Hawaii, and the Internal Revenue Service, U.S. Department of Treasury, showing that all delinquent taxes, if any, levied or accrued under state law and the Internal Revenue Code of 1986, as amended, against the CONTRACTOR'S assignee or subcontractor have been paid. Additionally, no assignment by the CONTRACTOR of the CONTRACTOR'S right to compensation under this Contract shall be effective unless and until the assignment is approved by the Comptroller of the State of Hawaii, as provided in section 40-58, HRS.
- a. Recognition of a successor in interest. When in the best interest of the State, a successor in interest may be recognized in an assignment contract in which the STATE, the CONTRACTOR and the assignee or transferee (hereinafter referred to as the "Assignee") agree that:
    - (1) The Assignee assumes all of the CONTRACTOR'S obligations;
    - (2) The CONTRACTOR remains liable for all obligations under this Contract but waives all rights under this Contract as against the STATE; and
    - (3) The CONTRACTOR shall continue to furnish, and the Assignee shall also furnish, all required bonds.
  - b. Change of name. When the CONTRACTOR asks to change the name in which it holds this Contract with the STATE, the procurement officer of the purchasing agency (hereinafter referred to as the "Agency procurement officer") shall, upon receipt of a document acceptable or satisfactory to the

Agency procurement officer indicating such change of name (for example, an amendment to the CONTRACTOR'S articles of incorporation), enter into an amendment to this Contract with the CONTRACTOR to effect such a change of name. The amendment to this Contract changing the CONTRACTOR'S name shall specifically indicate that no other terms and conditions of this Contract are thereby changed.

- c. Reports. All assignment contracts and amendments to this Contract effecting changes of the CONTRACTOR'S name or novations hereunder shall be reported to the chief procurement officer (CPO) as defined in section 103D-203(a), HRS, within thirty days of the date that the assignment contract or amendment becomes effective.
  - d. Actions affecting more than one purchasing agency. Notwithstanding the provisions of subparagraphs 6a through 6c herein, when the CONTRACTOR holds contracts with more than one purchasing agency of the State, the assignment contracts and the novation and change of name amendments herein authorized shall be processed only through the CPO's office.
7. Indemnification and Defense. The CONTRACTOR shall defend, indemnify, and hold harmless the State of Hawaii, the contracting agency, and their officers, employees, and agents from and against all liability, loss, damage, cost, and expense, including all attorneys' fees, and all claims, suits, and demands therefore, arising out of or resulting from the acts or omissions of the CONTRACTOR or the CONTRACTOR'S employees, officers, agents, or subcontractors under this Contract. The provisions of this paragraph shall remain in full force and effect notwithstanding the expiration or early termination of this Contract.
  8. Cost of Litigation. In case the STATE shall, without any fault on its part, be made a party to any litigation commenced by or against the CONTRACTOR in connection with this Contract, the CONTRACTOR shall pay all costs and expenses incurred by or imposed on the STATE, including attorneys' fees.
  9. Liquidated Damages. When the CONTRACTOR is given notice of delay or nonperformance as specified in paragraph 13 (Termination for Default) and fails to cure in the time specified, it is agreed the CONTRACTOR shall pay to the STATE the amount, if any, set forth in this Contract per calendar day from the date set for cure until either (i) the STATE reasonably obtains similar goods or services, or both, if the CONTRACTOR is terminated for default, or (ii) until the CONTRACTOR provides the goods or services, or both, if the CONTRACTOR is not terminated for default. To the extent that the CONTRACTOR'S delay or nonperformance is excused under paragraph 13d (Excuse for Nonperformance or Delay Performance), liquidated damages shall not be assessable against the CONTRACTOR. The CONTRACTOR remains liable for damages caused other than by delay.
  10. STATE'S Right of Offset. The STATE may offset against any monies or other obligations the STATE owes to the CONTRACTOR under this Contract, any amounts owed to the State of Hawaii by the CONTRACTOR under this Contract or any other contracts, or pursuant to any law or other obligation owed to the State of Hawaii by the CONTRACTOR, including, without limitation, the payment of any taxes or levies of any kind or nature. The STATE will notify the CONTRACTOR in writing of any offset and the nature of such offset. For purposes of this paragraph, amounts owed to the State of Hawaii shall not include debts or obligations which have been liquidated, agreed to by the CONTRACTOR, and are covered by an installment payment or other settlement plan approved by the State of Hawaii, provided, however, that the CONTRACTOR shall be entitled to such exclusion only to the extent that the CONTRACTOR is current with, and not delinquent on, any payments or obligations owed to the State of Hawaii under such payment or other settlement plan.
  11. Disputes. Disputes shall be resolved in accordance with section 103D-703, HRS, and chapter 3-126, Hawaii Administrative Rules ("HAR"), as the same may be amended from time to time.
  12. Suspension of Contract. The STATE reserves the right at any time and for any reason to suspend this Contract for any reasonable period, upon written notice to the CONTRACTOR in accordance with the provisions herein.
    - a. Order to stop performance. The Agency procurement officer may, by written order to the CONTRACTOR, at any time, and without notice to any surety, require the CONTRACTOR to stop all or any part of the performance called for by this Contract. This order shall be for a specified

period not exceeding sixty (60) days after the order is delivered to the CONTRACTOR, unless the parties agree to any further period. Any such order shall be identified specifically as a stop performance order issued pursuant to this section. Stop performance orders shall include, as appropriate: (1) A clear description of the work to be suspended; (2) Instructions as to the issuance of further orders by the CONTRACTOR for material or services; (3) Guidance as to action to be taken on subcontracts; and (4) Other instructions and suggestions to the CONTRACTOR for minimizing costs. Upon receipt of such an order, the CONTRACTOR shall forthwith comply with its terms and suspend all performance under this Contract at the time stated, provided, however, the CONTRACTOR shall take all reasonable steps to minimize the occurrence of costs allocable to the performance covered by the order during the period of performance stoppage. Before the stop performance order expires, or within any further period to which the parties shall have agreed, the Agency procurement officer shall either:

- (1) Cancel the stop performance order; or
  - (2) Terminate the performance covered by such order as provided in the termination for default provision or the termination for convenience provision of this Contract.
- b. Cancellation or expiration of the order. If a stop performance order issued under this section is cancelled at any time during the period specified in the order, or if the period of the order or any extension thereof expires, the CONTRACTOR shall have the right to resume performance. An appropriate adjustment shall be made in the delivery schedule or contract price, or both, and the Contract shall be modified in writing accordingly, if:
- (1) The stop performance order results in an increase in the time required for, or in the CONTRACTOR'S cost properly allocable to, the performance of any part of this Contract; and
  - (2) The CONTRACTOR asserts a claim for such an adjustment within thirty (30) days after the end of the period of performance stoppage; provided that, if the Agency procurement officer decides that the facts justify such action, any such claim asserted may be received and acted upon at any time prior to final payment under this Contract.
- c. Termination of stopped performance. If a stop performance order is not cancelled and the performance covered by such order is terminated for default or convenience, the reasonable costs resulting from the stop performance order shall be allowable by adjustment or otherwise.
- d. Adjustment of price. Any adjustment in contract price made pursuant to this paragraph shall be determined in accordance with the price adjustment provision of this Contract.

### 13. Termination for Default.

- a. Default. If the CONTRACTOR refuses or fails to perform any of the provisions of this Contract with such diligence as will ensure its completion within the time specified in this Contract, or any extension thereof, otherwise fails to timely satisfy the Contract provisions, or commits any other substantial breach of this Contract, the Agency procurement officer may notify the CONTRACTOR in writing of the delay or non-performance and if not cured in ten (10) days or any longer time specified in writing by the Agency procurement officer, such officer may terminate the CONTRACTOR'S right to proceed with the Contract or such part of the Contract as to which there has been delay or a failure to properly perform. In the event of termination in whole or in part, the Agency procurement officer may procure similar goods or services in a manner and upon the terms deemed appropriate by the Agency procurement officer. The CONTRACTOR shall continue performance of the Contract to the extent it is not terminated and shall be liable for excess costs incurred in procuring similar goods or services.
- b. CONTRACTOR'S duties. Notwithstanding termination of the Contract and subject to any directions from the Agency procurement officer, the CONTRACTOR shall take timely, reasonable, and

necessary action to protect and preserve property in the possession of the CONTRACTOR in which the STATE has an interest.

- c. Compensation. Payment for completed goods and services delivered and accepted by the STATE shall be at the price set forth in the Contract. Payment for the protection and preservation of property shall be in an amount agreed upon by the CONTRACTOR and the Agency procurement officer. If the parties fail to agree, the Agency procurement officer shall set an amount subject to the CONTRACTOR'S rights under chapter 3-126, HAR. The STATE may withhold from amounts due the CONTRACTOR such sums as the Agency procurement officer deems to be necessary to protect the STATE against loss because of outstanding liens or claims and to reimburse the STATE for the excess costs expected to be incurred by the STATE in procuring similar goods and services.
- d. Excuse for nonperformance or delayed performance. The CONTRACTOR shall not be in default by reason of any failure in performance of this Contract in accordance with its terms, including any failure by the CONTRACTOR to make progress in the prosecution of the performance hereunder which endangers such performance, if the CONTRACTOR has notified the Agency procurement officer within fifteen (15) days after the cause of the delay and the failure arises out of causes such as: acts of God; acts of a public enemy; acts of the State and any other governmental body in its sovereign or contractual capacity; fires; floods; epidemics; quarantine restrictions; strikes or other labor disputes; freight embargoes; or unusually severe weather. If the failure to perform is caused by the failure of a subcontractor to perform or to make progress, and if such failure arises out of causes similar to those set forth above, the CONTRACTOR shall not be deemed to be in default, unless the goods and services to be furnished by the subcontractor were reasonably obtainable from other sources in sufficient time to permit the CONTRACTOR to meet the requirements of the Contract. Upon request of the CONTRACTOR, the Agency procurement officer shall ascertain the facts and extent of such failure, and, if such officer determines that any failure to perform was occasioned by any one or more of the excusable causes, and that, but for the excusable cause, the CONTRACTOR'S progress and performance would have met the terms of the Contract, the delivery schedule shall be revised accordingly, subject to the rights of the STATE under this Contract. As used in this paragraph, the term "subcontractor" means subcontractor at any tier.
- e. Erroneous termination for default. If, after notice of termination of the CONTRACTOR'S right to proceed under this paragraph, it is determined for any reason that the CONTRACTOR was not in default under this paragraph, or that the delay was excusable under the provisions of subparagraph 13d, "Excuse for nonperformance or delayed performance," the rights and obligations of the parties shall be the same as if the notice of termination had been issued pursuant to paragraph 14.
- f. Additional rights and remedies. The rights and remedies provided in this paragraph are in addition to any other rights and remedies provided by law or under this Contract.

14. Termination for Convenience.

- a. Termination. The Agency procurement officer may, when the interests of the STATE so require, terminate this Contract in whole or in part, for the convenience of the STATE. The Agency procurement officer shall give written notice of the termination to the CONTRACTOR specifying the part of the Contract terminated and when termination becomes effective.
- b. CONTRACTOR'S obligations. The CONTRACTOR shall incur no further obligations in connection with the terminated performance and on the date(s) set in the notice of termination the CONTRACTOR will stop performance to the extent specified. The CONTRACTOR shall also terminate outstanding orders and subcontracts as they relate to the terminated performance. The CONTRACTOR shall settle the liabilities and claims arising out of the termination of subcontracts and orders connected with the terminated performance subject to the STATE'S approval. The Agency procurement officer may direct the CONTRACTOR to assign the CONTRACTOR'S right, title, and interest under terminated orders or subcontracts to the STATE. The CONTRACTOR must still complete the performance not terminated by the notice of termination and may incur obligations as necessary to do so.

- c. Right to goods and work product. The Agency procurement officer may require the CONTRACTOR to transfer title and deliver to the STATE in the manner and to the extent directed by the Agency procurement officer:

- (1) Any completed goods or work product; and
- (2) The partially completed goods and materials, parts, tools, dies, jigs, fixtures, plans, drawings, information, and contract rights (hereinafter called "manufacturing material") as the CONTRACTOR has specifically produced or specially acquired for the performance of the terminated part of this Contract.

The CONTRACTOR shall, upon direction of the Agency procurement officer, protect and preserve property in the possession of the CONTRACTOR in which the STATE has an interest. If the Agency procurement officer does not exercise this right, the CONTRACTOR shall use best efforts to sell such goods and manufacturing materials. Use of this paragraph in no way implies that the STATE has breached the Contract by exercise of the termination for convenience provision.

- d. Compensation.

- (1) The CONTRACTOR shall submit a termination claim specifying the amounts due because of the termination for convenience together with the cost or pricing data, submitted to the extent required by chapter 3-122, HAR, bearing on such claim. If the CONTRACTOR fails to file a termination claim within one year from the effective date of termination, the Agency procurement officer may pay the CONTRACTOR, if at all, an amount set in accordance with subparagraph 14d(3) below.
- (2) The Agency procurement officer and the CONTRACTOR may agree to a settlement provided the CONTRACTOR has filed a termination claim supported by cost or pricing data submitted as required and that the settlement does not exceed the total Contract price plus settlement costs reduced by payments previously made by the STATE, the proceeds of any sales of goods and manufacturing materials under subparagraph 14c, and the Contract price of the performance not terminated.
- (3) Absent complete agreement under subparagraph 14d(2) the Agency procurement officer shall pay the CONTRACTOR the following amounts, provided payments agreed to under subparagraph 14d(2) shall not duplicate payments under this subparagraph for the following:
  - (A) Contract prices for goods or services accepted under the Contract;
  - (B) Costs incurred in preparing to perform and performing the terminated portion of the performance plus a fair and reasonable profit on such portion of the performance, such profit shall not include anticipatory profit or consequential damages, less amounts paid or to be paid for accepted goods or services; provided, however, that if it appears that the CONTRACTOR would have sustained a loss if the entire Contract would have been completed, no profit shall be allowed or included and the amount of compensation shall be reduced to reflect the anticipated rate of loss;
  - (C) Costs of settling and paying claims arising out of the termination of subcontracts or orders pursuant to subparagraph 14b. These costs must not include costs paid in accordance with subparagraph 14d(3)(B);
  - (D) The reasonable settlement costs of the CONTRACTOR, including accounting, legal, clerical, and other expenses reasonably necessary for the preparation of settlement claims and supporting data with respect to the terminated portion of the Contract and for the termination of subcontracts thereunder, together with reasonable storage, transportation, and other costs incurred in connection with the protection or disposition of property allocable to the terminated portion of this Contract. The total sum to be paid the CONTRACTOR under this subparagraph shall not exceed the

total Contract price plus the reasonable settlement costs of the CONTRACTOR reduced by the amount of payments otherwise made, the proceeds of any sales of supplies and manufacturing materials under subparagraph 14d(2), and the contract price of performance not terminated.

- (4) Costs claimed, agreed to, or established under subparagraphs 14d(2) and 14d(3) shall be in accordance with Chapter 3-123 (Cost Principles) of the Procurement Rules.

15. Claims Based on the Agency Procurement Officer's Actions or Omissions.

a. Changes in scope. If any action or omission on the part of the Agency procurement officer (which term includes the designee of such officer for purposes of this paragraph 15) requiring performance changes within the scope of the Contract constitutes the basis for a claim by the CONTRACTOR for additional compensation, damages, or an extension of time for completion, the CONTRACTOR shall continue with performance of the Contract in compliance with the directions or orders of such officials, but by so doing, the CONTRACTOR shall not be deemed to have prejudiced any claim for additional compensation, damages, or an extension of time for completion; provided:

(1) Written notice required. The CONTRACTOR shall give written notice to the Agency procurement officer:

(A) Prior to the commencement of the performance involved, if at that time the CONTRACTOR knows of the occurrence of such action or omission;

(B) Within thirty (30) days after the CONTRACTOR knows of the occurrence of such action or omission, if the CONTRACTOR did not have such knowledge prior to the commencement of the performance; or

(C) Within such further time as may be allowed by the Agency procurement officer in writing.

(2) Notice content. This notice shall state that the CONTRACTOR regards the act or omission as a reason which may entitle the CONTRACTOR to additional compensation, damages, or an extension of time. The Agency procurement officer, upon receipt of such notice, may rescind such action, remedy such omission, or take such other steps as may be deemed advisable in the discretion of the Agency procurement officer;

(3) Basis must be explained. The notice required by subparagraph 15a(1) describes as clearly as practicable at the time the reasons why the CONTRACTOR believes that additional compensation, damages, or an extension of time may be remedies to which the CONTRACTOR is entitled; and

(4) Claim must be justified. The CONTRACTOR must maintain and, upon request, make available to the Agency procurement officer within a reasonable time, detailed records to the extent practicable, and other documentation and evidence satisfactory to the STATE, justifying the claimed additional costs or an extension of time in connection with such changes.

b. CONTRACTOR not excused. Nothing herein contained, however, shall excuse the CONTRACTOR from compliance with any rules or laws precluding any state officers and CONTRACTOR from acting in collusion or bad faith in issuing or performing change orders which are clearly not within the scope of the Contract.

c. Price adjustment. Any adjustment in the price made pursuant to this paragraph shall be determined in accordance with the price adjustment provision of this Contract.

16. Costs and Expenses. Any reimbursement due the CONTRACTOR for per diem and transportation expenses under this Contract shall be subject to chapter 3-123 (Cost Principles), HAR, and the following guidelines:



- a. Reimbursement for air transportation shall be for actual cost or coach class air fare, whichever is less.
- b. Reimbursement for ground transportation costs shall not exceed the actual cost of renting an intermediate-sized vehicle.
- c. Unless prior written approval of the HOPA is obtained, reimbursement for subsistence allowance (i.e., hotel and meals, etc.) shall not exceed the applicable daily authorized rates for inter-island or out-of-state travel that are set forth in the current Governor's Executive Order authorizing adjustments in salaries and benefits for state officers and employees in the executive branch who are excluded from collective bargaining coverage.

17. Payment Procedures; Final Payment; Tax Clearance.

- a. Original invoices required. All payments under this Contract shall be made only upon submission by the CONTRACTOR of original invoices specifying the amount due and certifying that services requested under the Contract have been performed by the CONTRACTOR according to the Contract.
- b. Subject to available funds. Such payments are subject to availability of funds and allotment by the Director of Finance in accordance with chapter 37, HRS. Further, all payments shall be made in accordance with and subject to chapter 40, HRS.
- c. Prompt payment.
  - (1) Any money, other than retainage, paid to the CONTRACTOR shall be disbursed to subcontractors within ten (10) days after receipt of the money in accordance with the terms of the subcontract; provided that the subcontractor has met all the terms and conditions of the subcontract and there are no bona fide disputes; and
  - (2) Upon final payment to the CONTRACTOR, full payment to the subcontractor, including retainage, shall be made within ten (10) days after receipt of the money; provided that there are no bona fide disputes over the subcontractor's performance under the subcontract.
- d. Final payment. Final payment under this Contract shall be subject to sections 103-53 and 103D-328, HRS, which require a tax clearance from the Director of Taxation, State of Hawaii, and the Internal Revenue Service, U.S. Department of Treasury, showing that all delinquent taxes, if any, levied or accrued under state law and the Internal Revenue Code of 1986, as amended, against the CONTRACTOR have been paid. Further, in accordance with section 3-122-112, HAR, CONTRACTOR shall provide a certificate affirming that the CONTRACTOR has remained in compliance with all applicable laws as required by this section.

18. Federal Funds. If this Contract is payable in whole or in part from federal funds, CONTRACTOR agrees that, as to the portion of the compensation under this Contract to be payable from federal funds, the CONTRACTOR shall be paid only from such funds received from the federal government, and shall not be paid from any other funds. Failure of the STATE to receive anticipated federal funds shall not be considered a breach by the STATE or an excuse for nonperformance by the CONTRACTOR.

19. Modifications of Contract.

- a. In writing. Any modification, alteration, amendment, change, or extension of any term, provision, or condition of this Contract permitted by this Contract shall be made by written amendment to this Contract, signed by the CONTRACTOR and the STATE, provided that change orders shall be made in accordance with paragraph 20 herein.
- b. No oral modification. No oral modification, alteration, amendment, change, or extension of any term, provision, or condition of this Contract shall be permitted.

- c. Agency procurement officer. By written order, at any time, and without notice to any surety, the Agency procurement officer may unilaterally order of the CONTRACTOR:
    - (A) Changes in the work within the scope of the Contract; and
    - (B) Changes in the time of performance of the Contract that do not alter the scope of the Contract work.
  - d. Adjustments of price or time for performance. If any modification increases or decreases the CONTRACTOR'S cost of, or the time required for, performance of any part of the work under this Contract, an adjustment shall be made and this Contract modified in writing accordingly. Any adjustment in contract price made pursuant to this clause shall be determined, where applicable, in accordance with the price adjustment clause of this Contract or as negotiated.
  - e. Claim barred after final payment. No claim by the CONTRACTOR for an adjustment hereunder shall be allowed if written modification of the Contract is not made prior to final payment under this Contract.
  - f. Claims not barred. In the absence of a written contract modification, nothing in this clause shall be deemed to restrict the CONTRACTOR'S right to pursue a claim under this Contract or for a breach of contract.
  - g. Head of the purchasing agency approval. If this is a professional services contract awarded pursuant to section 103D-303 or 103D-304, HRS, any modification, alteration, amendment, change, or extension of any term, provision, or condition of this Contract which increases the amount payable to the CONTRACTOR by at least \$25,000.00 and ten per cent (10%) or more of the initial contract price, must receive the prior approval of the head of the purchasing agency.
  - h. Tax clearance. The STATE may, at its discretion, require the CONTRACTOR to submit to the STATE, prior to the STATE'S approval of any modification, alteration, amendment, change, or extension of any term, provision, or condition of this Contract, a tax clearance from the Director of Taxation, State of Hawaii, and the Internal Revenue Service, U.S. Department of Treasury, showing that all delinquent taxes, if any, levied or accrued under state law and the Internal Revenue Code of 1986, as amended, against the CONTRACTOR have been paid.
  - i. Sole source contracts. Amendments to sole source contracts that would change the original scope of the Contract may only be made with the approval of the CPO. Annual renewal of a sole source contract for services should not be submitted as an amendment.
20. Change Order. The Agency procurement officer may, by a written order signed only by the STATE, at any time, and without notice to any surety, and subject to all appropriate adjustments, make changes within the general scope of this Contract in any one or more of the following:
- (1) Drawings, designs, or specifications, if the goods or services to be furnished are to be specially provided to the STATE in accordance therewith;
  - (2) Method of delivery; or
  - (3) Place of delivery.
- a. Adjustments of price or time for performance. If any change order increases or decreases the CONTRACTOR'S cost of, or the time required for, performance of any part of the work under this Contract, whether or not changed by the order, an adjustment shall be made and the Contract modified in writing accordingly. Any adjustment in the Contract price made pursuant to this provision shall be determined in accordance with the price adjustment provision of this Contract. Failure of the parties to agree to an adjustment shall not excuse the CONTRACTOR from proceeding with the Contract as changed, provided that the Agency procurement officer promptly and duly makes the provisional adjustments in payment or time for performance as may be reasonable. By

proceeding with the work, the CONTRACTOR shall not be deemed to have prejudiced any claim for additional compensation, or any extension of time for completion.

- b. Time period for claim. Within ten (10) days after receipt of a written change order under subparagraph 20a, unless the period is extended by the Agency procurement officer in writing, the CONTRACTOR shall respond with a claim for an adjustment. The requirement for a timely written response by CONTRACTOR cannot be waived and shall be a condition precedent to the assertion of a claim.
- c. Claim barred after final payment. No claim by the CONTRACTOR for an adjustment hereunder shall be allowed if a written response is not given prior to final payment under this Contract.
- d. Other claims not barred. In the absence of a change order, nothing in this paragraph 20 shall be deemed to restrict the CONTRACTOR'S right to pursue a claim under the Contract or for breach of contract.

21. Price Adjustment.

- a. Price adjustment. Any adjustment in the contract price pursuant to a provision in this Contract shall be made in one or more of the following ways:
  - (1) By agreement on a fixed price adjustment before commencement of the pertinent performance or as soon thereafter as practicable;
  - (2) By unit prices specified in the Contract or subsequently agreed upon;
  - (3) By the costs attributable to the event or situation covered by the provision, plus appropriate profit or fee, all as specified in the Contract or subsequently agreed upon;
  - (4) In such other manner as the parties may mutually agree; or
  - (5) In the absence of agreement between the parties, by a unilateral determination by the Agency procurement officer of the costs attributable to the event or situation covered by the provision, plus appropriate profit or fee, all as computed by the Agency procurement officer in accordance with generally accepted accounting principles and applicable sections of chapters 3-123 and 3-126, HAR.
- b. Submission of cost or pricing data. The CONTRACTOR shall provide cost or pricing data for any price adjustments subject to the provisions of chapter 3-122, HAR.

22. Variation in Quantity for Definite Quantity Contracts. Upon the agreement of the STATE and the CONTRACTOR, the quantity of goods or services, or both, if a definite quantity is specified in this Contract, may be increased by a maximum of ten per cent (10%); provided the unit prices will remain the same except for any price adjustments otherwise applicable; and the Agency procurement officer makes a written determination that such an increase will either be more economical than awarding another contract or that it would not be practical to award another contract.

23. Changes in Cost-Reimbursement Contract. If this Contract is a cost-reimbursement contract, the following provisions shall apply:

- a. The Agency procurement officer may at any time by written order, and without notice to the sureties, if any, make changes within the general scope of the Contract in any one or more of the following:
  - (1) Description of performance (Attachment 1);
  - (2) Time of performance (i.e., hours of the day, days of the week, etc.);
  - (3) Place of performance of services;

- (4) Drawings, designs, or specifications when the supplies to be furnished are to be specially manufactured for the STATE in accordance with the drawings, designs, or specifications;
    - (5) Method of shipment or packing of supplies; or
    - (6) Place of delivery.
  - b. If any change causes an increase or decrease in the estimated cost of, or the time required for performance of, any part of the performance under this Contract, whether or not changed by the order, or otherwise affects any other terms and conditions of this Contract, the Agency procurement officer shall make an equitable adjustment in the (1) estimated cost, delivery or completion schedule, or both; (2) amount of any fixed fee; and (3) other affected terms and shall modify the Contract accordingly.
  - c. The CONTRACTOR must assert the CONTRACTOR'S rights to an adjustment under this provision within thirty (30) days from the day of receipt of the written order. However, if the Agency procurement officer decides that the facts justify it, the Agency procurement officer may receive and act upon a proposal submitted before final payment under the Contract.
  - d. Failure to agree to any adjustment shall be a dispute under paragraph 11 of this Contract. However, nothing in this provision shall excuse the CONTRACTOR from proceeding with the Contract as changed.
  - e. Notwithstanding the terms and conditions of subparagraphs 23a and 23b, the estimated cost of this Contract and, if this Contract is incrementally funded, the funds allotted for the performance of this Contract, shall not be increased or considered to be increased except by specific written modification of the Contract indicating the new contract estimated cost and, if this contract is incrementally funded, the new amount allotted to the contract.
24. Confidentiality of Material.
- a. All material given to or made available to the CONTRACTOR by virtue of this Contract, which is identified as proprietary or confidential information, will be safeguarded by the CONTRACTOR and shall not be disclosed to any individual or organization without the prior written approval of the STATE.
  - b. All information, data, or other material provided by the CONTRACTOR to the STATE shall be subject to the Uniform Information Practices Act, chapter 92F, HRS.
25. Publicity. The CONTRACTOR shall not refer to the STATE, or any office, agency, or officer thereof, or any state employee, including the HOPA, the CPO, the Agency procurement officer, or to the services or goods, or both, provided under this Contract, in any of the CONTRACTOR'S brochures, advertisements, or other publicity of the CONTRACTOR. All media contacts with the CONTRACTOR about the subject matter of this Contract shall be referred to the Agency procurement officer.
26. Ownership Rights and Copyright. The STATE shall have complete ownership of all material, both finished and unfinished, which is developed, prepared, assembled, or conceived by the CONTRACTOR pursuant to this Contract, and all such material shall be considered "works made for hire." All such material shall be delivered to the STATE upon expiration or termination of this Contract. The STATE, in its sole discretion, shall have the exclusive right to copyright any product, concept, or material developed, prepared, assembled, or conceived by the CONTRACTOR pursuant to this Contract.
27. Liens and Warranties. Goods provided under this Contract shall be provided free of all liens and provided together with all applicable warranties, or with the warranties described in the Contract documents, whichever are greater.

28. Audit of Books and Records of the CONTRACTOR. The STATE may, at reasonable times and places, audit the books and records of the CONTRACTOR, prospective contractor, subcontractor, or prospective subcontractor which are related to:

- a. The cost or pricing data, and
- b. A state contract, including subcontracts, other than a firm fixed-price contract.

29. Cost or Pricing Data. Cost or pricing data must be submitted to the Agency procurement officer and timely certified as accurate for contracts over \$100,000 unless the contract is for a multiple-term or as otherwise specified by the Agency procurement officer. Unless otherwise required by the Agency procurement officer, cost or pricing data submission is not required for contracts awarded pursuant to competitive sealed bid procedures.

If certified cost or pricing data are subsequently found to have been inaccurate, incomplete, or noncurrent as of the date stated in the certificate, the STATE is entitled to an adjustment of the contract price, including profit or fee, to exclude any significant sum by which the price, including profit or fee, was increased because of the defective data. It is presumed that overstated cost or pricing data increased the contract price in the amount of the defect plus related overhead and profit or fee. Therefore, unless there is a clear indication that the defective data was not used or relied upon, the price will be reduced in such amount.

30. Audit of Cost or Pricing Data. When cost or pricing principles are applicable, the STATE may require an audit of cost or pricing data.

31. Records Retention.

- (1) Upon any termination of this Contract or as otherwise required by applicable law, CONTRACTOR shall, pursuant to chapter 487R, HRS, destroy all copies (paper or electronic form) of personal information received from the STATE.
- (2) The CONTRACTOR and any subcontractors shall maintain the files, books, and records that relate to the Contract, including any personal information created or received by the CONTRACTOR on behalf of the STATE, and any cost or pricing data, for at least three (3) years after the date of final payment under the Contract. The personal information shall continue to be confidential and shall only be disclosed as permitted or required by law. After the three (3) year, or longer retention period as required by law has ended, the files, books, and records that contain personal information shall be destroyed pursuant to chapter 487R, HRS or returned to the STATE at the request of the STATE.

32. Antitrust Claims. The STATE and the CONTRACTOR recognize that in actual economic practice, overcharges resulting from antitrust violations are in fact usually borne by the purchaser. Therefore, the CONTRACTOR hereby assigns to STATE any and all claims for overcharges as to goods and materials purchased in connection with this Contract, except as to overcharges which result from violations commencing after the price is established under this Contract and which are not passed on to the STATE under an escalation clause.

33. Patented Articles. The CONTRACTOR shall defend, indemnify, and hold harmless the STATE, and its officers, employees, and agents from and against all liability, loss, damage, cost, and expense, including all attorneys fees, and all claims, suits, and demands arising out of or resulting from any claims, demands, or actions by the patent holder for infringement or other improper or unauthorized use of any patented article, patented process, or patented appliance in connection with this Contract. The CONTRACTOR shall be solely responsible for correcting or curing to the satisfaction of the STATE any such infringement or improper or unauthorized use, including, without limitation: (a) furnishing at no cost to the STATE a substitute article, process, or appliance acceptable to the STATE, (b) paying royalties or other required payments to the patent holder, (c) obtaining proper authorizations or releases from the patent holder, and (d) furnishing such security to or making such arrangements with the patent holder as may be necessary to correct or cure any such infringement or improper or unauthorized use.

34. Governing Law. The validity of this Contract and any of its terms or provisions, as well as the rights and duties of the parties to this Contract, shall be governed by the laws of the State of Hawaii. Any action at law or in equity to enforce or interpret the provisions of this Contract shall be brought in a state court of competent jurisdiction in Honolulu, Hawaii.
35. Compliance with Laws. The CONTRACTOR shall comply with all federal, state, and county laws, ordinances, codes, rules, and regulations, as the same may be amended from time to time, that in any way affect the CONTRACTOR'S performance of this Contract.
36. Conflict Between General Conditions and Procurement Rules. In the event of a conflict between the General Conditions and the procurement rules, the procurement rules in effect on the date this Contract became effective shall control and are hereby incorporated by reference.
37. Entire Contract. This Contract sets forth all of the agreements, conditions, understandings, promises, warranties, and representations between the STATE and the CONTRACTOR relative to this Contract. This Contract supersedes all prior agreements, conditions, understandings, promises, warranties, and representations, which shall have no further force or effect. There are no agreements, conditions, understandings, promises, warranties, or representations, oral or written, express or implied, between the STATE and the CONTRACTOR other than as set forth or as referred to herein.
38. Severability. In the event that any provision of this Contract is declared invalid or unenforceable by a court, such invalidity or unenforceability shall not affect the validity or enforceability of the remaining terms of this Contract.
39. Waiver. The failure of the STATE to insist upon the strict compliance with any term, provision, or condition of this Contract shall not constitute or be deemed to constitute a waiver or relinquishment of the STATE'S right to enforce the same in accordance with this Contract. The fact that the STATE specifically refers to one provision of the procurement rules or one section of the Hawaii Revised Statutes, and does not include other provisions or statutory sections in this Contract shall not constitute a waiver or relinquishment of the STATE'S rights or the CONTRACTOR'S obligations under the procurement rules or statutes.
40. Pollution Control. If during the performance of this Contract, the CONTRACTOR encounters a "release" or a "threatened release" of a reportable quantity of a "hazardous substance," "pollutant," or "contaminant" as those terms are defined in section 128D-1, HRS, the CONTRACTOR shall immediately notify the STATE and all other appropriate state, county, or federal agencies as required by law. The Contractor shall take all necessary actions, including stopping work, to avoid causing, contributing to, or making worse a release of a hazardous substance, pollutant, or contaminant, and shall promptly obey any orders the Environmental Protection Agency or the state Department of Health issues in response to the release. In the event there is an ensuing cease-work period, and the STATE determines that this Contract requires an adjustment of the time for performance, the Contract shall be modified in writing accordingly.
41. Campaign Contributions. The CONTRACTOR is hereby notified of the applicability of 11-355, HRS, which states that campaign contributions are prohibited from specified state or county government contractors during the terms of their contracts if the contractors are paid with funds appropriated by a legislative body.
42. Confidentiality of Personal Information.
- a. Definitions.
- "Personal information" means an individual's first name or first initial and last name in combination with any one or more of the following data elements, when either name or data elements are not encrypted:
- (1) Social security number;
  - (2) Driver's license number or Hawaii identification card number; or

- (3) Account number, credit or debit card number, access code, or password that would permit access to an individual's financial information.

Personal information does not include publicly available information that is lawfully made available to the general public from federal, state, or local government records.

"Technological safeguards" means the technology and the policy and procedures for use of the technology to protect and control access to personal information.

b. Confidentiality of Material.

- (1) All material given to or made available to the CONTRACTOR by the STATE by virtue of this Contract which is identified as personal information, shall be safeguarded by the CONTRACTOR and shall not be disclosed without the prior written approval of the STATE.
- (2) CONTRACTOR agrees not to retain, use, or disclose personal information for any purpose other than as permitted or required by this Contract.
- (3) CONTRACTOR agrees to implement appropriate "technological safeguards" that are acceptable to the STATE to reduce the risk of unauthorized access to personal information.
- (4) CONTRACTOR shall report to the STATE in a prompt and complete manner any security breaches involving personal information.
- (5) CONTRACTOR agrees to mitigate, to the extent practicable, any harmful effect that is known to CONTRACTOR because of a use or disclosure of personal information by CONTRACTOR in violation of the requirements of this paragraph.
- (6) CONTRACTOR shall complete and retain a log of all disclosures made of personal information received from the STATE, or personal information created or received by CONTRACTOR on behalf of the STATE.

c. Security Awareness Training and Confidentiality Agreements.

- (1) CONTRACTOR certifies that all of its employees who will have access to the personal information have completed training on security awareness topics relating to protecting personal information.
- (2) CONTRACTOR certifies that confidentiality agreements have been signed by all of its employees who will have access to the personal information acknowledging that:
  - (A) The personal information collected, used, or maintained by the CONTRACTOR will be treated as confidential;
  - (B) Access to the personal information will be allowed only as necessary to perform the Contract; and
  - (C) Use of the personal information will be restricted to uses consistent with the services subject to this Contract.

d. Termination for Cause. In addition to any other remedies provided for by this Contract, if the STATE learns of a material breach by CONTRACTOR of this paragraph by CONTRACTOR, the STATE may at its sole discretion:

- (1) Provide an opportunity for the CONTRACTOR to cure the breach or end the violation; or
- (2) Immediately terminate this Contract.

In either instance, the CONTRACTOR and the STATE shall follow chapter 487N, HRS, with respect to notification of a security breach of personal information.

e. Records Retention.

- (1) Upon any termination of this Contract or as otherwise required by applicable law, CONTRACTOR shall, pursuant to chapter 487R, HRS, destroy all copies (paper or electronic form) of personal information received from the STATE.
- (2) The CONTRACTOR and any subcontractors shall maintain the files, books, and records that relate to the Contract, including any personal information created or received by the CONTRACTOR on behalf of the STATE, and any cost or pricing data, for at least three (3) years after the date of final payment under the Contract. The personal information shall continue to be confidential and shall only be disclosed as permitted or required by law. After the three (3) year, or longer retention period as required by law has ended, the files, books, and records that contain personal information shall be destroyed pursuant to chapter 487R, HRS or returned to the STATE at the request of the STATE.