

STATE OF HAWAII  
HAWAII COMMUNITY DEVELOPMENT AUTHORITY  
Kakaako Community Development District  
Honolulu, Hawaii 96813  
February 7, 2018

Chairperson and Members  
Hawaii Community Development Authority  
State of Hawaii  
Honolulu, Hawaii  
HCDA Board Members:

**SUBJECT:** Shall the Authority Authorize the Interim Executive Director to Extend Contract No. 65496 for the Maintenance of the Hawaii Community Development Authority's Office Local Area Network, Work Stations and Other Attached Electronic Devices?

**SUMMARY:** On February 13, 2017, the Executive Director executed Contract No. 65496 with Oceanit Laboratories, Inc. for an amount not to exceed \$13,800 for a 365-day period with an additional \$5,000 contingency. The contract included an option to extend for an additional 365 days. The proposed action seeks to extend the contract for an additional 365 days, for an additional \$13,800 and a \$5,000 contingency.

**AUTHORITY:** At its February 16, 2011 meeting, the board delegated to the Executive Director the authority to enter into contracts and make purchases up to \$25,000. This establishes a threshold, requiring board approval for contracts and purchases in excess of \$25,000.

**BACKGROUND:** On February 13, 2017, the Executive Director executed Contract No. 65496 with Oceanit Laboratories, Inc. for an amount not to exceed \$13,800 for a 365-day period with an additional \$5,000 contingency (\$18,800 total). The contract included an option to extend for an additional 365 days. These services were procured, using the Hawaii Community Development Authority (HCDA)'s professional services listing. A copy of Contract No. 65496 is included as Exhibit A.

Exercising the HCDA's option to extend for an additional 365 days would require a supplemental agreement for a time extension, amending the time of performance thru March 1, 2019. Funding would also need be added, \$13,800 for routine services along with the \$5,000 contingency for the extended 365-day period.

The revised contract total would be \$37,600, for the 2-year period from March 2, 2017 thru March 1, 2019. To date, the contractor has not utilized the \$5,000 contingency provided under the current contract. If the funds are not used as of March 1, 2018, the maximum compensation

for the contractor would be limited to \$32,600, as it is the HCDA's intent to limit the contingency to \$5,000 for a single 365-day period.

**ANALYSIS:** HCDA operations rely heavily on the use of technology while the size of the organization does not warrant having on staff, an information technology (IT) specialist. As a result, the HCDA has elected to outsource the maintenance of its local area network (LAN), work stations and other attached devices as a more effective and efficient solution.

For the past eleven (11) months, service from the contractor has been satisfactory with a stable network. Also, staff have not encountered significant issues with their workstations as issues have been resolved in a timely manner. While the contractor has not utilized the \$5,000 contingency during this period, maintaining this contingency for the extended 365-day period is critical to mitigate any significant and unanticipated malfunction, whether caused by a virus, malware, unauthorized use, etc.

**RECOMMENDATION:** Staff recommends the Authority authorize the Interim Executive Director to Extend Contract No. 65496 for the maintenance of the HCDA's LAN, work stations, and other attached devices for an additional 365-day period, for an additional \$18,800.

Respectfully submitted,



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Aedward Los Banos  
Administrative Services Officer

APPROVED FOR SUBMITTAL:



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Garrett H. Kamemoto, Interim Executive Director  
Hawaii Community Development Authority

Exhibit A: Contract No. 65496



CONTRACT FOR PROFESSIONAL SERVICES

This Contract, executed on the respective dates indicated below, is effective as of FEB 13, 2017, between Hawaii Community Development Authority, State of Hawaii ("STATE"), by its Executive Director, (hereafter also referred to as the HEAD OF THE PURCHASING AGENCY or designee ("HOPA")), whose address is 547 Queen Street, Honolulu, Hawaii 96813 and Oceanit Laboratories, Inc. ("CONTRACTOR"), a Corporation under the laws of the State of Hawaii, whose business address and federal and state taxpayer identification numbers are as follows: 828 Fort Street Mall, Suite 600 Honolulu, Hawaii 96813; Hawaii Tax #W20369234-01; FEIN/SSN#99-0238128.

RECITALS

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

B. This Contract is for professional services as defined in section 103D-104, Hawaii Revised Statutes ("HRS").

C. Money is available to fund this Contract pursuant to: (1) Chapter 206E-16, HRS (Hawaii Community Development Authority Revolving Fund)

or (2) N/A

or both, in the following amounts: State \$ 18,800.00 Federal \$ N/A

D. Pursuant to Chapter 206E - 4, HRS, the STATE is authorized to enter into this Contract.

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 services set forth in Attachment-S1, which is made a part of this Contract.

2. Term of Contract. This Contract starts on the date first written above and ends on see Attachment - S3 with One (1) option(s) to extend for One (1) Year each. References.

3. Compensation. The CONTRACTOR shall be compensated for services rendered and costs incurred under this Contract for a total amount not to exceed Eighteen Thousand Eight Hundred and NO/100 DOLLARS

(\$ 18,800.00 ), including approved costs incurred and taxes, according to the Compensation and Payment Schedule set forth in Attachment-S2, which is made a part of this Contract.

4. Time of Performance. The services or goods 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.

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

6. Other Terms and Conditions. The General Conditions and any Special Conditions are attached to 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.

7. Liquidated Damages. Liquidated damages shall be assessed in the amount of N/A DOLLARS (\$ 0.00 ) per day, in accordance with paragraph 9 of the General Conditions.

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 HOPA'S address indicated in this Contract. Notice to the CONTRACTOR shall be sent to the CONTRACTOR'S address indicated in this 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.

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 above written.

STATE

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

Jesse K. Soum

\_\_\_\_\_  
(Print Name)

Executive Director

\_\_\_\_\_  
(Print Title)

FEB 13 2017

\_\_\_\_\_  
(Date)

CORPORATE SEAL

(If available)

CONTRACTOR

Oceanit Laboratories Inc.

\_\_\_\_\_  
(Name of Contractor)

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

Jan N. Sullivan

\_\_\_\_\_  
(Print Name)


Executive Vice President/COO \*

\_\_\_\_\_  
(Print Title)

January 13, 2017

\_\_\_\_\_  
(Date)

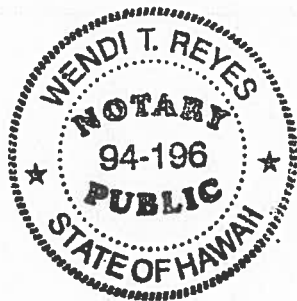
APPROVED AS TO FORM:

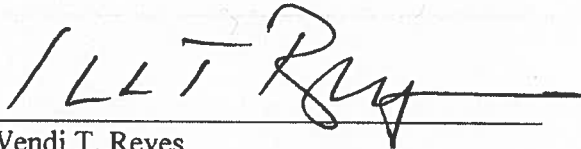
  
\_\_\_\_\_  
Deputy Attorney General

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

STATE OF HAWAII )  
 ) SS.  
CITY AND COUNTY OF HONOLULU )

On this 13th day of February, 2017, before me personally appeared JESSE K. SOUKI, Executive Director of the HAWAII COMMUNITY DEVELOPMENT AUTHORITY, State of Hawaii, a body corporate and a public instrumentality of the State of Hawaii and that said instrument, this (38) page Contract for Professional Services for Oceanit Laboratories, Inc. signed in the First Circuit of the State of Hawaii on behalf of said body corporate of the State of Hawaii and acknowledged said instrument to be the free act and deed of said body corporate of the State of Hawaii.



  
Wendi T. Reyes  
Notary Public, State of Hawaii  
My commission expires: 3/30/2018

**RESOLUTION OF BOARD OF DIRECTORS OF  
OCEANIT LABORATORIES, INC.**

RESOLVED, that Jan N. Sullivan be and is hereby authorized and empowered to enter into contracts for Professional Services in the name and behalf of this Corporation.

I, JAN N. SULLIVAN, do hereby certify that I am the duly elected and qualified Secretary and the keeper of the records and corporate seal of **OCEANIT LABORATORIES, INC.**, a corporation organized and existing under the laws of the State of **HAWAII**, and that the above is a true and correct copy of a resolution duly adopted at a meeting of the Board of Directors thereof, convened and held in accordance with laws and the Bylaws of said Corporation on 10 December 2007 and that such resolution is now in full force and effect.

IN WITNESS WHEREOF, I have affixed my name as Secretary and have caused the corporate seal of said Corporation to be hereunto affixed, this 13 day of **January 2017**.

Secretary



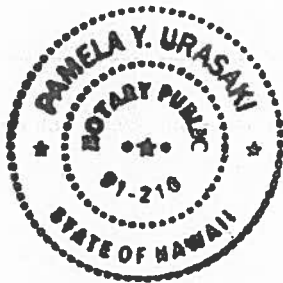


STATE OF HAWAII

CONTRACTOR'S ACKNOWLEDGMENT

STATE OF HAWAII )  
CITY & ) SS.  
COUNTY OF HONOLULU )

On this 13th day of January, 2017 before me appeared  
Jan N. Sullivan and \_\_\_\_\_, 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  
EVP/COO and \_\_\_\_\_ of  
Oceanit Laboratories, Inc., 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.

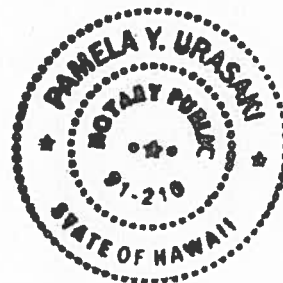


[Signature]  
(Signature)  
Pamela Y. Urasaki  
(Print Name)  
Notary Public, State of Hawaii  
My commission expires: 3/29/19

Doc. Date: undated # Pages: 37  
Notary Name: Pamela Y. Urasaki First Circuit  
Doc. Description: Contract for Professional Services

[Signature] \_\_\_\_\_  
Notary Signature Date

NOTARY CERTIFICATION





# STATE OF HAWAII SCOPE OF SERVICES

The scope of services consists of managing the HCDA's local area network and WIFI network at its offices located at 547 Queen Street, Honolulu, Hawaii 96813 and at its Kalaeloa offices located at 91-5420 Kapolei Parkway, Kapolei 96707.

**Regular Business Hours Services:** The CONTRACTOR shall provide local area network (LAN), hardware, and software support for the duration of one (1) year from the effective date of this contract. The support services will include the following:

- Setup Services
  - Meetings with HCDA management and staff to understand existing issues and challenges
  - Assess existing hardware and provide recommendations
  - Update documentation including network documentation, hardware inventory, and security policies and procedures
  
- Network Support Services
  - Server Monitoring and Maintenance
  - Workstation Monitoring and Maintenance
  - Proactive Maintenance
  - Security Maintenance
  - General Help Desk Support

**MAINTENANCE OF NETWORK:** The CONTRACTOR shall provide the following network support services:

Services Summary	Servers	Workstations	Frequency
<b>Security:</b> Keep Service Packs, Patches, and Hotfixes current	√	√	Ongoing
Ensure that all server services are running	√		Ongoing
Confirm that anti-virus definitions are being updated	√	√	Ongoing
<b>Maintenance:</b> Reboot servers for maintenance as needed	√		As Needed
Monitor hard drives and space	√	√	Ongoing
Inventory and Warranty Management (Best efforts to update)	√	√	Monthly Review
Basic helpdesk support	√	√	Ongoing





# STATE OF HAWAII SCOPE OF SERVICES

Services Summary	Servers	Workstations	Frequency
<b>Networks:</b> Document network diagram	√	√	Ongoing
Keep network diagram updated	√	√	Ongoing
Ensure office connectivity to Internet is maintained	√	√	Ongoing
Backup	√		Daily

The response times for correcting problems shall be as follows:

**LEVEL ONE RESPONSE:** Where a major fault occurs such that a business critical function is not operational; between 8:00 a.m. and 5.00 p.m. Monday through Friday HST the CONTRACTOR shall endeavor to respond within 1 hour. Resolution time should be as soon as possible and given best efforts.

**LEVEL TWO RESPONSE:** Where a fault occurs such that a function is not operational but a workaround resulting in significant use inconvenience is available; between 8:00 a.m. and 5.00 p.m. Monday through Friday HST the CONTRACTOR shall respond within 3 working hours; or

**LEVEL THREE RESPONSE:** Where a fault occurs such that a non-critical function is not operational and is causing an inconvenient problem but is not causing significant user inconvenience ; between 8:00 a.m. and 5.00 p.m. Monday through Friday HST, the CONTRACTOR shall respond within 4 working hours; or

**LEVEL FOUR RESPONSE:** Where a fault occurs such that a cosmetic, non-urgent problem is being caused, e.g. one user is affected; 8:00 a.m. and 5:00 p.m. Monday through Friday the CONTRACTOR shall respond within 8 working hours.

The following are not included as part of the network support scope of network support services. The network support services do not include maintenance or repair of the following:

- Accidents such as fire, lightning, or floods
- Theft or loss of equipment
- Relocation of equipment
- Use of ancillary equipment not suitable for use with the equipment
- Fluctuation in electricity supply
- Poor environmental conditions
- Quality of service provided by Third Party vendors including Internet service



## STATE OF HAWAII SCOPE OF SERVICES

- Damage caused by virus, spyware, or lack of firewall when updates have not been installed or where an update has not yet become available
- Enhancement of the network from its original form
- Problems resulting from the misuse, improper use, alteration, or damage of the HCDA's network by parties other than the CONTRACTOR
- Problems resulting from out of warranty hardware

The HCDA will work with CONTRACTOR to provide the following:

- Assign a single Point of Contact who is:
  - Responsible for all HCDA aspects of this project.
  - Authorized to make all decisions relative to the project, including identification and assignment of HCDA resources.
  - Is authorized to sign acceptance forms, approve consultant hours, and approve project changes.
  - Will coordinate all meeting schedules.
- Secure authorization for CONTRACTOR to install and utilize workstation and server monitoring and support tools to enable proactive support and remote troubleshooting
- The provision of the maintenance and support services shall be expressly contingent upon the HCDA promptly reporting any errors in the Hardware or related issue to the CONTRACTOR.
- Provide CONTRACTOR with known scheduled outages, resource unavailability and project specific information for the development of a cohesive project schedule.
- Provide CONTRACTOR with supervised access to HCDA's facilities and appropriate resources as reasonably necessary as determined by HCDA for the CONTRACTOR to fulfill its obligations hereunder, including but not limited to: network access, remote terminal access to HCDA workstations, and remote access to server systems.

The following contact information and support request procedure shall be followed in requesting support from the CONTRACTOR.



## STATE OF HAWAII

# SCOPE OF SERVICES

### Contacting Oceanit

**Support** Support requests can be sent to Oceanit via:

- Requests:**
- Email: [support@oceanit.com](mailto:support@oceanit.com)
  - Website: Helpdesk website (<https://oceanit1.zendesk.com>)
  - Phone: (808) 531-3017 (ask for IT support)

When submitting a support request, please provide:

- A contact name and phone number.
- A concise description of the issue/problem, monitor screen, error messages or reports regarding the issue/problem.
- Step by step description regarding what preceded the issue/problem.
- Screen shots / report examples are especially useful, and should be provided if available.

**Availability:** Regular Support is available during the following normal business hours:

- Monday through Friday, 8:00 am - 5:00 pm Hawaii Standard Time (excluding weekends and U.S. holidays)



STATE OF HAWAII

**COMPENSATION AND PAYMENT SCHEDULE**

1. COMPENSATION

Subject to the full and satisfactory performance of the Regular Business Hours Services portion of the Scope of Services under this Contract as determined by the STATE, the CONTRACTOR shall be compensated in an amount not to exceed THIRTEEN THOUSAND EIGHT HUNDRED and NO/100 DOLLARS (\$13,800.00) and up to FIVE THOUSAND and NO/100 DOLLARS (\$5,000.00) for outside business hours services, inclusive of all taxes and reimbursable expenses. The CONTRACTOR shall receive written authorization from HCDA point of contact before providing outside of business hour services. Outside of regular business hour services shall be compensated as indicated in the payment schedule below:

Hours of Service	Rate
<b>Outside of Regular Business Hours</b>	
Remote PC Management/Help Desk, Server Management, Print Management 5:01 pm – 9:00 pm	\$150/hr. (min 30 min)
Remote PC Management/Help Desk, Server Management, Print Management 9:01 pm – 7:59 am	\$200/hr. (min 30 min)
Onsite Labor (outside of regular business hours)	\$300/hr. plus travel (min 1 hour)

2. PARTIAL PAYMENTS

For partial payment purposes, the CONTRACTOR shall submit one original and three copies of invoices to the STATE, specifying in detail the services performed, together with copies of itemized bills for reimbursable costs if any. Unless otherwise provided under the terms of this Contract, the CONTRACTOR will be allowed partial payments of the total fee for services performed, which shall be computed on the basis of the proportion of the services completed.

The STATE may retain up to five percent (5%) of the partial payment otherwise due when (a) the proportion of the services for which the payment is due is less than or equal to fifty percent (50%) or (b) the part of the services completed is unsatisfactory or the CONTRACTOR'S performance of the remaining services is untimely. Upon final settlement, any sums that may have been deducted in accordance with the provisions of the Contract, will be paid to the CONTRACTOR.

3. FINAL COMPLETION

A. Final Completion of the services shall occur upon the satisfaction of the following conditions:



STATE OF HAWAII

**COMPENSATION AND PAYMENT SCHEDULE**

- (1) The CONTRACTOR timely completes the services in conformity (a) to the design, engineering, workmanship, or other specifications herein and (b) standards common to the industry. In case of a conflict between the specifications herein and standards common to the industry, the specifications herein shall govern;
  - (2) The CONTRACTOR timely performs all other obligations hereunder in conformity (a) to the standards, methods, or other specifications herein, or (b) to standards common to the industry. In case of a conflict between the specifications herein and standards common to the industry, the specifications herein shall govern;
  - (3) The CONTRACTOR's obligations include delivery to the STATE of (i) all material referred to in Paragraph 26 of the General Conditions, attached hereto, and (ii) the certificate described in the last sentence of Paragraph 17( d) of the General Conditions; and
  - (4) No dispute between the parties hereto as to the services or other obligations of the CONTRACTOR hereunder is outstanding.
- B. Upon the CONTRACTOR'S determination that Final Completion has occurred, the CONTRACTOR shall certify the same to the STATE.
- (1) Within twenty (20) days after the STATE'S receipt of such certificate, the STATE shall:
    - (a) Issue written confirmation to the CONTRACTOR that, in the STATE'S determination, Final Completion has occurred, or
    - (b) Issue written notification to the CONTRACTOR of any conditions to Final Completion that in the STATE'S determination have not been satisfied.
  - (2) If the STATE issues a notice described in clause 3.B(2)(b), the CONTRACTOR shall promptly satisfy the conditions listed in the notice or notify the STATE of a dispute. If the CONTRACTOR does not dispute the conditions, then, upon the CONTRACTOR'S determination that they have been satisfied, the CONTRACTOR shall certify the same to the STATE. Within five business days thereafter, the STATE shall issue confirmation or notify the CONTRACTOR of a dispute.
  - (3) In the absence of (a) a timely notice of dispute or of conditions to Final Completion or (b) a timely issuance of written confirmation, the STATE shall be deemed to have issued written confirmation of Final Completion as of the date on which such issuance was due.



STATE OF HAWAII

**COMPENSATION AND PAYMENT SCHEDULE**

- C. The STATE shall issue final payment for the services no later than thirty (30) days following the later to occur of (1) satisfaction of the conditions of paragraph 17 of the General Conditions, or (2) issuance of written confirmation of Final Completion.



**STATE OF HAWAII**  
**TIME OF PERFORMANCE**

1. **TIME OF PERFORMANCE**

The CONTRACTOR'S time of performance under this Contract shall be for a period three hundred sixty-five (365) calendar days from the effective date of this Contract with one (1) option to extend for three hundred sixty-five (365) calendar days.

2. **WORK SCHEDULE**

The CONTRACTOR shall commence the services upon receiving written Notice to Proceed ("NTP") from the STATE. The services shall be performed and carried out in a continuous manner from the date specified in the STATE'S NTP for the CONTRACTOR to commence the services. The STATE may issue multiple NTPs for different tasks that are identified within the Scope of Services.

3. **PROGRESS OF THE SERVICES**

The CONTRACTOR shall be available at all times to discuss with representatives of the STATE the progress of the services being performed. All questions arising during the course of the services that must be resolved by the STATE shall be brought to the STATE'S immediate attention by the CONTRACTOR.

4. **COMPLETION**

The CONTRACTOR shall perform the services with due efficiency and diligence to complete the services and each part or phase thereof in accordance with the timelines specified in the terms and conditions of this Contract.



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).

Signature: [Handwritten Signature] Date: [Handwritten Date]
(Print Name) Luis P. Salaveria
(Print Title) DBEDT Director

\* 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) \_\_\_\_\_ (Date) \_\_\_\_\_
(Print Name) \_\_\_\_\_
(Print Title, if designee of the Director of DHRD) \_\_\_\_\_





**STATE OF HAWAII**  
**SPECIAL CONDITIONS**

**I. INSURANCE REQUIREMENTS**

The CONTRACTOR shall maintain insurance acceptable to the STATE in full force and effect throughout the term of this Contract. The policies of insurance maintained by the CONTRACTOR shall provide the following minimum coverage:

<u>Coverage</u>	<u>Limit</u>
General Liability Insurance (occurrence form):	Bodily Injury and Property Damage (combined single \$2,000,000 per occurrence and \$2,000,000 aggregate.  Personal Injury: \$1,000,000 per occurrence and \$2,000,000 aggregate.
Automobile Insurance (covering all owned, non-owned and hired automobiles)	Bodily Injury: \$1,000,000 per person and \$1,000,000 per occurrence.  Property Damage: \$1,000,000 per accident or combined single limit of \$2,000,000.  Workers Compensation (statutory limit is required by laws of the State of Hawaii.
Professional Liability (Errors and Omissions)	\$1,000,000 per claim \$2,000,000 annual aggregate If the Self-Insured Retention (SIR) or Deductible (Errors and Omissions) exceeds \$25,000, the State of Hawaii reserves the right, but not the obligation, to review and request a copy of the CONTRACTOR'S most recent annual report or audited financial statement.

- a. The STATE and the Hawaii Community Development Authority ("HCDA"), and their respective officials, officers, employees and agents shall be named as additional insureds. The CONTRACTOR agrees to provide the STATE before the effective date of the Contract, certificate(s) of insurance necessary to evidence compliance with insurance provisions of this Contract. The CONTRACTOR shall keep such insurance in effect and the certificate(s) on deposit with the STATE during the entire term of this Contract.

Upon request by the STATE, the CONTRACTOR shall furnish a copy of the policy or policies.

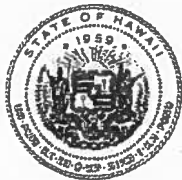


STATE OF HAWAII  
**SPECIAL CONDITIONS**

- b. Failure of the CONTRACTOR to provide and keep in force such insurance shall be regarded as a material default under this Contract. The STATE shall be entitled to exercise any or all of the remedies provided in this Contract for default of the CONTRACTOR.
- c. The procuring of such required policy or policies of insurance shall not be construed to limit the CONTRACTOR'S liability under this Contract or to fulfill the indemnification provisions and requirements of this Contract. Notwithstanding said policy or policies of insurance, the CONTRACTOR shall be obliged to the full and total amount of any damage, injury, or loss caused by negligence or neglect connected with this Contract.
- d. The insurer shall notify the STATE in writing of any cancellation or change in provisions thirty (30) calendar days prior to the effective date of such cancellation or change.
- e. The HCDA is a self-insured State agency. The CONTRACTOR'S insurance shall be primary. Any insurance maintained by the STATE shall apply in excess of, and shall not contribute with, insurance provided by the CONTRACTOR.

2. CONTROL AND PROGRESS OF WORK

- a. Subcontracts and Assignments. Subject to the terms and conditions set forth in the GENERAL CONDITIONS, any subcontractor or assignee of all or any part of the services under this Contract shall be a designated representative of the CONTRACTOR. The CONTRACTOR and its representative shall be bound to this Contract. Said representative shall be experienced and qualified in the type of work involved. All the professional engineers, architects, land surveyors or landscape architects retained by the CONTRACTOR shall be those registered with the State Board of Registration of Professional Engineers, Architects, Land Surveyors, and Landscape Architects as required by Chapter 464, Hawaii Revised Statutes ("HRS").
- b. Designation of Project Manager. The Head of the Purchasing Agency ("HOPA") shall designate in writing a representative of the STATE, as may be amended in writing from time to time, to coordinate the services under this Contract and to act as principal liaison between the CONTRACTOR and the HOPA to resolve any questions, and to expedite decisions and progress reports. The CONTRACTOR shall designate in writing, subject to the approval of the HOPA and as may be amended in writing from time to time, a project manager who will maintain close and frequent communications with the STATE'S representative. Said project manager shall be experienced and qualified in the type of work involved and shall be directly responsible for the performance of the services and administration of this Contract.



## STATE OF HAWAII

# SPECIAL CONDITIONS

Every effort will be made by all parties to this Contract to retain the same liaison representatives during the term of this Contract in order to maintain continuity of effort and control.

- c. Review of Services. The STATE shall have the right to review and make recommendations for consideration by the CONTRACTOR on the services prior to finalization. The CONTRACTOR retains discretion to accept or reject STATE'S proposed recommendations.

### 3. LEGAL RELATIONS AND RESPONSIBILITY

- a. Non-liability of STATE Employees. The HOPA and any duly authorized representatives and subordinates, in carrying out the provisions of this Contract or in exercising any power or authority granted herein, shall not be held personally liable in any way, it being understood that in such matters they act as agents and representatives of the STATE.
- b. Interest of Members of the STATE. No member of the STATE and no officer, employee, or agent of the STATE, who exercises any functions or responsibilities in connection with the planning and carrying out of the services, shall have any personal financial interest, direct or indirect, in this Contract, and the CONTRACTOR shall take appropriate steps to assure compliance.
- c. Interest of Other State of Hawaii Public Officials. No public official or employee of the State of Hawaii, who exercises any functions or responsibilities in connection with the planning and carrying out of the services, shall have any personal financial interest, direct or indirect, in this Contract, and the CONTRACTOR shall take appropriate steps to assure compliance.
- d. CONTRACTOR'S Professional Responsibility. The CONTRACTOR shall be responsible for the accuracy, completeness, clarity and adequacy of all of the services performed and provided by partners, employees, agents and/or subcontractors. The CONTRACTOR shall ensure that partners, employees, agents and/or subcontractors are qualified to engage in providing services under this Contract and that they satisfy and comply with all applicable licensing, operating requirements, accreditation and other standards of quality.

The CONTRACTOR shall duly apprise each of such partners, employees, agents and/or subcontractors of all the provisions in this Contract.

The CONTRACTOR shall have the authority and responsibility to control and direct the performance, provision and details of all of the services required by this Contract. The STATE shall have a general right to inspect any of the services in progress to determine whether the services of the CONTRACTOR are being performed and provided in accordance with terms, provisions and conditions of this Contract.



## STATE OF HAWAII SPECIAL CONDITIONS

The STATE acknowledges that the CONTRACTOR is not engaged in any aspect of the physical of construction contracting, nor is responsible in any way for construction means, methods, techniques or sequences or for any aspect of jobsite safety.

- e. Professional Errors and Omissions. The CONTRACTOR or CONTRACTOR'S subcontractors understands that the CONTRACTOR is subject to liability for any professional errors and omissions which may occur in connection with the performance of service in connection with this Contract.
- f. Rights and Remedies. The rights and remedies of the STATE provided for under this Contract are in addition to any other rights and remedies provided by law.

#### 4. STATEMENT OF LIABILITY

Neither the STATE'S review, approval or acceptance of, nor payment for, any of the services required under this Contract shall be construed to operate as a waiver of any rights of the STATE under this Contract or of any cause of action arising out of this Contract. The CONTRACTOR shall be and remain liable to the STATE for all damages to the STATE caused by the CONTRACTOR for any of the services furnished under this Contract.

#### 5. CAMPAIGN CONTRIBUTION BY STATE AND COUNTY CONTRACTORS

The CONTRACTOR is hereby notified of the applicability of Section 11-205.5, HRS, which states that campaign contributions are prohibited from specified State and county government contractors during the term of the Contract if the contractors are paid with funds appropriated by a legislative body.

#### 6. WRITTEN COMMUNICATIONS

- a. All communications between the parties shall be in writing and sent by mail, facsimile transmission, email or hand delivery as follows:

- 1. If to the STATE:

Hawaii Community Development Authority  
Deepak Neupane  
Director of Plan & Development - Kakaako  
547 Queen Street  
Honolulu, Hawaii 96813  
Telephone: (808) 594-0300



STATE OF HAWAII  
SPECIAL CONDITIONS

Telecopier: (808) 594-0299  
Email: Deepak.neupane@hawaii.gov

2. If to the CONTRACTOR:

David Takeyama, IT Director  
Oceanit Laboratories, Inc.  
828 Fort. St. Mall, Suite 600  
Honolulu, HI 96813  
Telephone: (808) 954-4154  
Telecopier: (808) 531-3177  
Email: [dtakeyama@oceanit.com](mailto:dtakeyama@oceanit.com)

or such other address, telephone number, telecopier number, or email address as recipient subsequently designates by notice to sender in the manner provided above.

7. TIME OF THE ESSENCE

Time is of the essence as to all obligations to be performed promptly or by or at a specified time hereunder.

8. CUMULATIVE REMEDIES

The rights provided herein are cumulative and not exclusive of any rights provided by law.

9. COUNTERPARTS; FACSIMILE SIGNATURES

- a. This Contract may be executed by the parties in any number of duplicate counterparts, which together shall constitute a single agreement.
- b. Any party may execute and deliver this Contract by signing the signature page and electronically transmitting a facsimile thereof.

10. INTERCHANGEABLE TERMS

The following terms are one and the same:

- a. "Contract" and "Agreement".



STATE OF HAWAII  
SPECIAL CONDITIONS

- b. “HCDA” and “STATE”.
- c. “CONTRACTOR” and “CONSULTANT”.

11. OWNERSHIP RIGHTS AND COPYRIGHT

Paragraph 26 of the General Conditions is amended by striking the paragraph in its entirety and inserting in its place the following:

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. The CONTRACTOR with prior written permission from the STATE may be granted the right to use ideas generated by CONTRACTOR on this project, or derivatives therefrom, on other projects provided doing so does not violate the publicity provisions of this Contract.



**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).

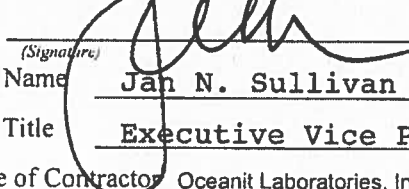
On behalf of Oceanit Laboratories, Inc., CONTRACTOR, the undersigned does declare as follows:

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 Jan N. Sullivan  
Print Title Executive Vice President/COO  
Name of Contractor Oceanit Laboratories, Inc.  
Date January 13, 2017







**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

**Vendor Name:** OCEANIT LABORATORIES, INC.

**DBA/Trade Name:** OCEANIT LABORATORIES, INC.

**Issue Date:** 01/12/2017

**Status:** Compliant

Hawaii Tax#: W20369234-01

New Hawaii Tax#:

FEIN/SSN#: XX-XXX8128

UI#: XXXXXX6037

DCCA FILE#: 60203

**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	Compliant
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
Pending	The entity is compliant with DLIR requirement
Submitted	The entity has applied for the certificate but it is awaiting approval
Not Compliant	The entity is not in compliance with the requirement and should contact the issuing agency for more information

# GENERAL CONDITIONS

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## 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.