

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM
NOTICE TO PROVIDERS OF PROFESSIONAL SERVICES
Solicitation no. SID-PS-06-16-01

The State of Hawaii, Department of Business, Economic Development, and Tourism (DBEDT) anticipates the need for professional services during fiscal year 2017 (Sept 1, 2016 - June 30, 2017). DBEDT is seeking qualified firms to provide professional services in the following disciplines/categories:

<p>Accounting - 1, 2 Architecture - 1 Auditing - 1, 2 Community Planning Economist Education and Vocational Training Food Technology Textile Technology</p>	<p>Professional Engineering - 1: a. Aerospace Engineering - 1 b. Computer Engineering - 1 c. Electrical Engineering - 1 d. Environmental Engineering - 1 e. General Engineering - 1 f. Petroleum Engineering - 1 Workforce Research and Analysis</p>
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1 - Accountants, Architects, Engineers, Surveyors and Landscape Architects must be licensed with the State of Hawaii, Dept. of Commerce and Consumer Affairs, Professional & Vocational Licensing Division. Submit a copy of the appropriate license(s) with your submittal.

2 - Accounting and Auditing must submit a copy of the CPA license(s) of individual(s) in the firm.

DEADLINE FOR SUBMITTALS

This solicitation shall remain open through March 31, 2017. The deadline for qualified professionals to submit Expressions of Interest and Statements of Qualifications as described under SUBMITTAL REQUIREMENTS is:

WEDNESDAY, JULY 27, 2016 @ 4:30 p.m. (HST)

Delivery of Submittal: Submittals shall be mailed or hand delivered; **submittals transmitted via electronic mail or facsimile will not be accepted.** Applicants must submit current Expressions of Interest and Statements of Qualifications to:

Department of Business, Economic Development, and Tourism
 Attn: Susan Gray-Ellis
 Leiopapa A Kamehameha Building, 5th floor
 235 S. Beretania Street, Room 502, Honolulu, Hawaii 96813

Late Submittals: DBEDT will continue to receive submittals after the deadline, but these submittals shall be considered late. In order to facilitate efficient review of any late submittals, submittals received subsequent to this first review date shall remain sealed, and shall be reviewed on a quarterly basis thereafter. The final review for FY 17 will be after any submittals are received on March 31, 2017.

Full details of this solicitation are described under Submittal Requirements on the following pages, as well as accessed on the State Procurement Office website via the following URL: <http://hawaii.gov/spo> > Toolbox/QuickLinks on the right side of page >For Vendors, Contractors & Service Providers >Opportunities to Compete for Contracts> Procurement Notices for Solicitations> Procurement Notices for Solicitations; click on link to procurement notices for solicitations, requests for interest/information, etc. >[Define Your Search] > Select an Agency: Department of Business, Economic Development and Tourism>Category: Professional Services (Leave all other boxes blank)> click on “Search”>More Info>View Solicitation Information.

The publication date for this solicitation is June 24, 2016.

SUBMITTAL REQUIREMENTS

One unbound original marked “ORIGINAL” plus three (3) bound copies marked “COPY” and one (1) CD or DVD containing a PDF file of the Provider’s information should be submitted of all requested documents below. All pages of the submittal should be numbered consecutively. Submit the information requested in items 1 through 10 below in a sealed package or envelope with the solicitation number written on the outside of the package or envelope. ALL items must be received by **WEDNESDAY, JULY 27, 2016, 4:30 P.M. (HST)** at:

Department of Business, Economic Development, and Tourism
Strategic Industries Division
Attention: Susan Gray-Ellis
235 S. Beretania Street, Room #502
Honolulu, Hawaii 96813

NOTE: Fax or electronic transmittals **will not** be accepted as offers.

1. EXPRESSION OF INTEREST – Submit a signed letter stating an expression of interest in this project. (1 hard copy marked ORIGINAL + 3 copies marked COPY + 1 CD with PDF file).

2. CIP DPW FORM 120 – Submit the completed CIP DPW Form 120 (Revised 6/99) (1 hard copy marked ORIGINAL + 3 copies marked COPY + 1 CD with PDF file).

NOTE: The CIP DPW Form may be downloaded from www.hawaii.gov/forms. Click on the “Public Forms” tab on the top of the screen, then in the search box on the right, type CIP DPW-120, hit Search. Then, download the fillable “CIP DPW-120 Questionnaire for Architects, Engineers & Other Professional Services” form.

3. STATEMENT OF QUALIFICATIONS – Submit a statement of qualifications (SOQ) for the discipline listed in the box on page one, highlighting the Provider’s qualifications, expertise and experience (1 hard copy marked ORIGINAL + 3 copies marked COPY + 1 CD with PDF file). Include resumes of key personnel and support staff and identify their roles and expertise. Also include a copy of any licenses of personnel where a license is required.
4. PROOF OF INSURANCE COVERAGE – Present proof of insurance coverage via a Certificate of Insurance (1 hard copy marked ORIGINAL + 3 copies marked COPY + 1 CD with PDF file). The Provider shall maintain the policy in full force and effect, at all times during the term of the contract, with the following insurance liability coverages:
 - a. General liability insurance for limit of not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate. The State of Hawaii shall be named as additional insured with the following language in the Description of Operations section of the form: "The State of Hawaii including all of its departments and attached agencies, their officers, employees and agents are named as additional insureds, as respects the named insureds’ activities on their behalf."
 - b. Automobile liability insurance for limit of not less than \$1,000,000 per accident, \$1,000,000 per person and \$1,000,000 per property damage. The State of Hawaii shall be named as additional insured.
 - c. Professional liability insurance for limit of not less than \$1,000,000 per occurrence, \$2,000,000 in the aggregate.

NOTE: Provider(s) should agree by entering into a contract or Agreement with the State to a Waiver of Subrogation for each required policy herein. When required by the insurer, or should a policy condition not permit Providers to enter into a pre-loss agreement to waive subrogation without an endorsement, the Provider(s) should agree to notify the insurer and request the policy be endorsed with a Waiver of Transfer of Rights of Recovery Against Others, or its equivalent.

If a Provider is not able to provide the above insurance certificates at the time of submittal, a letter from an insurance company, stating they will insure the firm, if selected, for the insurance policies and the amount of minimum coverage required above, will be accepted as proof of insurance.

5. CONFLICT OF INTEREST – Submit a statement indicating any conflicts of interest in performing services for DBEDT and/or the State of Hawaii. Statement should indicate “None”, if appropriate. List memberships on State boards, commissions, etc. (1 hard copy marked ORIGINAL + 3 copies marked COPY + 1 CD with PDF file). For additional information, please refer to the State Ethics Code, Chapter 84, Hawaii Revised Statutes, or go to the Hawaii State Ethics Commission Web site at: <http://hawaii.gov/ethics/>.

6. QUALIFICATIONS QUESTIONNAIRE – A.) Submit a completed *Qualifications Questionnaire*, provided herein as Exhibit 1A **and** B.) Proof of License – For the disciplines listed in the box that require state licensure, submit evidence of valid license. (1 hard copy marked ORIGINAL + 3 copies marked COPY + 1 CD with PDF file of both A. & B.)
7. PROVIDER REFERENCES - Submit the names and phone numbers of five (5) clients who may be contacted, at least two (2) clients for whom services were rendered during the preceding calendar year. Submit a completed *Contractor References* form, provided herein (Exhibit 2A). (1 hard copy marked ORIGINAL + 3 copies marked COPY + 1 CD with pdf file). Complete Subcontractor References form, only if applicable. Add additional pages to either form if necessary.

NOTE:

- a. All references will be verified and scored.
 - b. References will be verified by phone or email. If references are called by phone, calls will be made during normal business hours of the location of the business. Otherwise, a *Vendor Reference Check Questionnaire* form may be used.
 - c. For each negative response, there will be a one (1) point deduction per reference.
8. SEPARATE SUBMITTALS - Submit a separate submittal packet for each different discipline that you are applying for, such as one complete set of documents for engineering + one complete set of documents for community planning.

Engineering sub-disciplines: You may submit one master submittal for Engineering, however, you will be required to submit separate documentation for each sub-category of engineering e.g. General Engineering and Electrical Engineering. Submit separate information that is pertinent to each sub-discipline of engineering.

9. APPENDIX – (Optional) Submit an appendix with any promotional brochures, descriptive literature, or collateral material which the firm desires to submit regarding the services you are able to provide. Limit appendix to twenty (20) pages.
10. JUDGMENTS and ONGOING LITIGATION – Submit a Statement indicating any judgments issued against the firm and any ongoing litigation involving the firm that is public record. Statement should indicate “None,” if appropriate (1 hard copy marked ORIGINAL + 3 copies marked COPY + 1 CD with pdf file).

Format of Submittal: Interested parties shall submit one (1) unbound hard copy of the original documentation marked **ORIGINAL**, three (3) bound copies marked **COPY**, and one (1) CD or DVD containing PDF files of all of the Provider's information to the Hawaii State Energy Office contracts office in the requested documents sequential order as stated above. All submittals should be tabbed in the order stated in the **Submittal Requirements (1-10)** and all pages should be sequentially numbered.

GENERAL INFORMATION

Professional Services are under the requirements of the Hawaii Revised Statutes section §103D-304, and are subject to competitive selection.

- 1. Qualified List:** Qualified responders to this solicitation will be placed on a list to provide such services and, if the need arises, may be considered for selection in accordance with §103D-304, HRS and will be notified of future projects by email. Qualified professionals shall express their interest in providing services in the various category(ies) in the manner specified under SUBMITTAL REQUIREMENTS.

A minimum of three (3) responsive, responsible providers will be required in each category in order to process the submittal. In the event that there are insufficient submissions for a particular category, DBEDT/HSEO will hold submittal(s) until future SOW packets are received at a later date. If there are insufficient submissions, no awards may be made in a specific category.

- 2. Incomplete Submittals:** Submittals received by the due date, with minor deficiencies, may be considered "incomplete". Providers will be notified of the deficiency and will have three (3) working days from the notification date to submit all of the required items or their submittal will be considered unresponsive and disqualified from consideration.
- 3. Selection Criteria and Award:** As projects arise, selection criteria specific to the project shall be established and employed to select a contractor for the project. Criteria employed in descending order of importance are:
 1. Experience and professional qualifications relevant to the project type;
 2. Past performance on projects of similar scope for public agencies or private industry, including corrective actions and other responses to notices of deficiencies;
 3. Capacity to accomplish the work in the required time; and
 4. Any additional criteria determined in writing by the selection committee to be relevant to the DBEDT's needs or necessary and appropriate to ensure full, open, and fair competition for professional services contracts which may include the Applicant's billing rates and any other applicable cost factors.

The committee may conduct confidential discussions with any firm on the qualified list regarding the services which are required and the services the firm is able to provide. Qualified firms may be asked to submit additional information specific to the anticipated project at that time. In conducting discussions, there shall be no disclosure of any information derived from the competing professional service providers. The Director's designee shall negotiate a contract with the first ranked firm for each anticipated project, including a rate of compensation which is fair and reasonable, established in writing, and based upon the estimated value, scope, complexity, and nature of the services to be rendered.

Award(s), if any, will be posted online at: <http://spo3.hawaii.gov/psa/professional-service-awards>.

- 4. Contract/Contract Terms:** If selected for a project, Contractor will be required to enter into a contract with DBEDT.

The contract period may be for the current fiscal year only, or may include optional provisions to extend the contract for up to 2 additional years (for a total contract period of 3 years), but will be determined as appropriate for the project, and dependent upon available funding.

The "General Conditions for Goods and Services, Form AG-008" for such contracts may be viewed at: <http://hawaii.gov/forms/department-of-attorney-general/internal-forms/ag-008/view>

- 5. Vendor Certificate Required:** The Provider(s) should be prepared to submit an original consolidated *Certificate of Vendor Compliance* as proof of compliance with §3-122-112, HAR. The *Certificate of Vendor Compliance* is issued by the State Procurement Office via the online system, "Hawaii Compliance Express." Details regarding this online application process can be viewed at: <http://vendors.ehawaii.gov/hce/>. Although the certificate is not required at this time, no award can be made without the *Certificate of Vendor Compliance*. A firm will be notified in writing when to submit the certificate if it is not in the submittal packet.
- 6. Project Specific Solicitations:** At the discretion of a federal awarding agency, certain projects may be advertised on a project-specific basis. In that event, a new solicitation for professional services, independent of this solicitation, will be published and interested parties must respond to those solicitations in the manner specified by those specific notice(s).
- 7. Campaign Contributions by State and County Contractors:** Providers are 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 term

of the contract if the contractors are paid with funds appropriated by a legislative body. For more information, contact the Campaign Spending Commission at (808) 586-0285 or go to their website at <http://www.hawaii.gov/campaign>.

- 8. No Guarantee of Work:** Persons/Firms included on the annual list of qualified providers are in no way guaranteed a contract with the State. Contracts for professional services shall be awarded on the basis of demonstrated competence and qualifications for the type of services required, and at fair and reasonable prices pursuant to § 103D-304, HRS.
- 9. Right to Cancel:** The State reserves the right to cancel this solicitation, in whole or part, when it is determined to be in the best interest of the State, pursuant to § 103D-308, HRS and HAR Sections 3-122-96 through 3-122-97.
- 10. Availability of Funds:** The State anticipates funding availability through June 30, 2017, subject to appropriation and availability of funds. The State may add additional funds, depending upon circumstances, such as receipt of additional federal or state funds, reallocation of existing funds, and grant modifications. In the event a professional services contract requirement changes, the contract term may be extended, with or without additional funds, upon mutual agreement in writing.
- 11. Questions Prior To Submission:** All questions must be submitted in writing (email is acceptable) prior to the due date listed below to: DBEDT/SID Contracts Office, Attn. Susan Gray-Ellis, 250 S. Hotel St., 5th Floor, Room 502, Honolulu, HI 96813; email: sgray-ellis@dbedt.hawaii.gov. The State will respond to written questions via addenda by posting responses on the Hawaii State Procurement Office website. If no Intent to Apply has been received by the State, it will be the Provider's responsibility to ensure that all addenda have been reviewed through the Hawaii State Procurement Office website prior to submission.

Deadline for written questions for this solicitation will be 4:30 P.M. (Hawaii Standard Time), Monday, July 18, 2016.

- 12. Confidentiality:** If a person believes that any portion of a proposal, offer, specification, protest, or correspondence contains information that should be withheld as confidential, then the head of the purchasing agency or designee who is named at the end of this solicitation shall be so advised in writing and provided with justification to support the confidentiality claim. Price is not considered confidential and will not be withheld.

A person shall request in writing nondisclosure of designated trade secrets or other proprietary data considered confidential. Such data shall accompany the submittal, be clearly marked, and shall be readily separable from the submittal in order to facilitate

eventual public inspection of the non-confidential portion of the submittal.

Pursuant to HAR Section 3-122-63(b), the head of the purchasing agency or designee shall consult with the Attorney General and make a written determination in accordance with HRS Chapter 92F. If the request for confidentiality is denied, such information shall be disclosed as public information, unless the person appeals the denial to the Office of Information Practices in accordance with HRS Section 92F-15.5(a).

- 13. Public Inspection:** The contents of any submission shall not be disclosed during the review, evaluation, discussion, or negotiation process. Once the award notice is posted, all submissions become available for public inspection. Those sections that the person and the State previously agreed are confidential shall be excluded from access. Therefore, all confidential and/or proprietary information must be identified by the Provider at the time of submission. If a person is denied access to a State procurement record, the person may appeal the denial to the Office of Information Practices in accordance with HRS 92F-15.5.
- 14. Provider's Authority to Submit an Offer:** The State will not participate in determinations regarding a Provider's authority to sell a product or service. If there is a question or doubt regarding a Provider's right or ability to obtain and sell a product or service, the Provider shall resolve that question first prior to submission.
- 15. Proposal Preparation Costs:** Any and all costs incurred by the Provider in preparing a submittal shall be the Provider's sole responsibility whether or not any award results from this solicitation. The State shall not reimburse any such costs.
- 16. Tax Liability:** Work to be performed under this solicitation is a business activity taxable under HRS Chapter 237, and if applicable, taxable under HRS Chapter 238. The Provider is advised that it is liable for the Hawaii GET at the current 4.5% for sales made on Oahu, and at the 4% rate for the islands of Hawaii, Maui, Molokai, and Kauai. If, however, a Provider is a person exempt by the HRS from paying the GET and therefore not liable for the taxes on this solicitation, the Provider shall state its tax exempt status and cite the HRS chapter or section allowing the exemption. The Provider shall submit its current Federal I.D. no. and Hawaii General Excise Tax License I.D. no. in the space provided on Offer Form, page OF-1, thereby attesting that the Provider is doing business in the State and that the Provider will pay such taxes on all sales made to the State.
- 17. Property of State:** All proposals become the property of the State of Hawaii.
- 18. No Meetings with Providers:** Providers who have responded to this notice will not be granted meetings with any members of the Hawaii State Energy Office during the active procurement process unless at the request of the Selection Committee in connection with this solicitation.

19. State and Federal Special Terms & Conditions: If awarded, Provider agrees to adhere to all state and/or federal special terms & conditions associated with the specific funding.

20. Debriefing/Protest: Pursuant to Section 3-122-70 HAR, a debriefing is provided, if requested, to the non-selected Providers to inform them of the basis for the source selection decision and contract award.

A written request for debriefing shall be made within three (3) working days after the posting of the award of the contract. The Procurement Officer or designee shall hold the debriefing within seven (7) working days to the extent practicable from the receipt date of the written request.

A protest shall be submitted, in writing, within five (5) working days after the aggrieved person knows or should have known of the facts giving rise thereto; provided that a protest based upon the content of the solicitation shall be submitted, in writing, prior to the date set for receipt of offers. Further provided that a protest of an award or proposed award shall be submitted within five (5) working days after the posting of the award, or if requested, within five (5) working days after the PO's debriefing was completed.

Any protest pursuant to Section 103D-701, HRS and Section 3-122-70 HAR, shall be submitted in writing to the following:

Mr. Luis P. Salaveria
Director, DBEDT
Attention: Susan Gray-Ellis
235 S. Beretania St., 5th floor, Room 502
Honolulu, HI 96813

Letters should be mailed registered or certified with return receipt requested. If you prefer, you may personally serve your letter to the Director's office or to the DBEDT/SID Contracts Office: 235 S. Beretania St., 5th Floor, Room 502, Honolulu, HI 96813, Attention: Susan Gray-Ellis, Tel. 808-587-9002; email: sgray-ellis@dbedt.hawaii.gov. All letters must be received within the deadline specified by statute.

Awards, if any, resulting from this solicitation shall be posted to the State Procurement Office (SPO) website on the *Professional Services Awards* section at <http://hawaii.gov/spo>.

21. Contact Us

General procedural questions regarding submittals requirements must be submitted in writing (email is acceptable) and sent to DBEDT/SID Contracts Office, Attn. Susan Gray-Ellis, P.O. Box 2359, Honolulu, Hawaii 96804-2359 or email: susan.gray-ellis@hawaii.gov

LUIS P. SALAVERIA

Director

Department of Business, Economic Development & Tourism

(Internet Posting: June 24, 2016)

EXHIBITS

- 1A. Qualifications Questionnaire
- 2A. Contractor and Subcontractor References
- 3A. General Conditions

EXHIBIT 1A

QUALIFICATIONS QUESTIONNAIRE

1. How many years has your organization been in business under your present business name?

2. How many years of experience in this field of work has your organization had?

3. Show what projects your organization has completed in the past five (5) years that are related to this project, including at least two (2) projects during the preceding year. Please include project date, name of contracting entity & contact, project description, length of contract period and contract amount (if possible). Also state which projects your organization was the prime contractor.

4. Have you ever failed to complete any work awarded to you? If so, please provide a brief description, including when and where it took place and why work was not completed.

5. For what entities within Hawaii, other than government agencies, have you performed work? Please include project date, name of contracting entity & contact, project description, length of contract period and contract amount (if possible). Also state which projects your organization was the prime contractor.

6. For what State departments and county agencies in Hawaii have you performed work? Please include project date, name of contracting entity & contact, project description, length of contract period and contract amount (if possible). Also state which projects your organization was the prime contractor.

7. Have you performed work for the U.S. Government? If so, please include project date, name of contracting entity & contact, project description, length of contract period and contract amount (if possible). Also state which projects your organization was the prime contractor.

8. Have you ever performed any work for any other governmental agencies outside of Hawaii? If so, please include project date, name of contracting entity & contact, project description, length of contract period and contract amount (if possible). Also state which projects your organization was the prime contractor.

9. Does your organization have any judgments and/or pending lawsuits? If so, please provide non-confidential information regarding the legal action. Statement should indicate "none", if appropriate.

10. Give a list of all licensed personnel in your organization for the disciplines you wish to qualify for, the type of license held, and provide a photo copy of each license.



CONTRACTOR REFERENCES

To be completed by Provider. At least two (2) references for whom services were rendered during the preceding calendar year.

PROVIDER INFORMATION

1. Name of Provider	2. Solicitation Reference Number
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CLIENT #1 INFORMATION

3. Organization Name	4. Organization Address
5. Project Name	6. Project Dates Start: _____ End: _____
7. Contact Name/Title _____ Email: _____ Phone _____	
8. Scope of Services	

CLIENT #2 INFORMATION

3. Organization Name	4. Organization Address
5. Project Name	6. Project Dates Start: _____ End: _____
7. Contact Name/Title _____ Email: _____ Phone _____	
8. Scope of Services	

CLIENT #3 INFORMATION

3. Organization Name	4. Organization Address
5. Project Name	6. Project Dates Start: _____ End: _____
7. Contact Name/Title _____ Email: _____ Phone _____	
8. Scope of Services	

CLIENT #4 INFORMATION

3. Organization Name	4. Organization Address
5. Project Name	6. Project Dates Start: _____ End: _____
7. Contact Name/Title _____ Email: _____ Phone _____	
8. Scope of Services	

CLIENT #5 INFORMATION

3. Organization Name	4. Organization Address
5. Project Name	6. Project Dates Start: _____ End: _____
7. Contact Name/Title _____ Email: _____ Phone _____	
8. Scope of Services	

11. Additional Comments



SUBCONTRACTOR REFERENCES (If applicable)

To be completed by Provider.

PROVIDER INFORMATION

1. Name of Provider

2. Solicitation Reference Number

SUBCONTRACTOR #1 INFORMATION

3. Organization Name

4. Organization Address

5. Project Name

6. Project Dates

Start:

End:

7. Contact

Name/Title

Email:

Phone

8. Scope of Services to be Rendered:

SUBCONTRACTOR #2 INFORMATION

3. Organization Name

4. Organization Address

5. Project Name

6. Project Dates

Start:

End:

7. Contact

Name/Title

Email:

Phone

8. Scope of Services to be Rendered:

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.