

(b)(5) ; (b)(6)

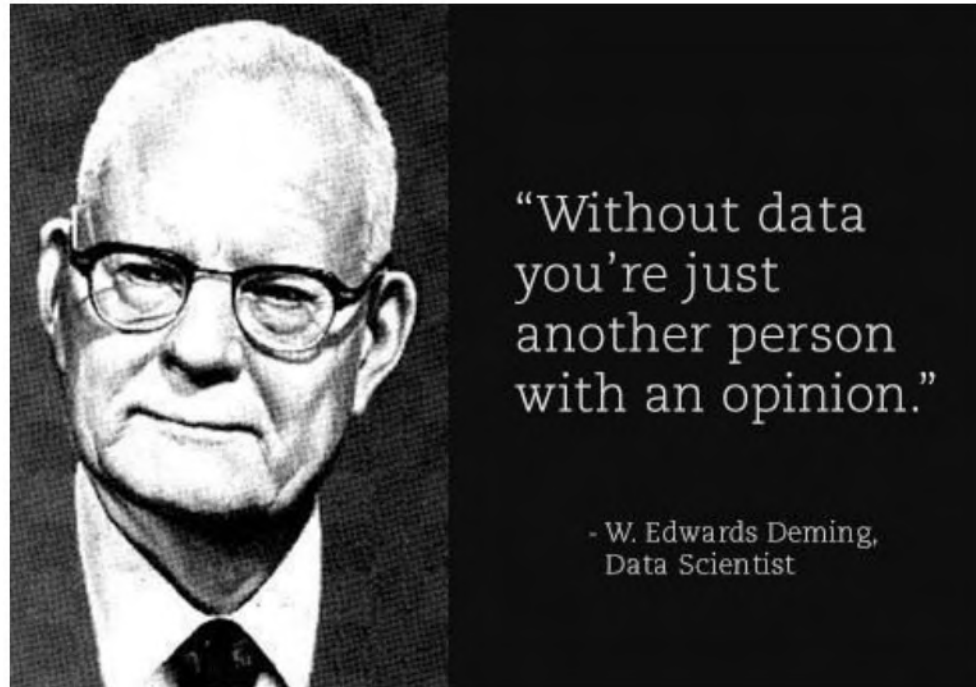
(b)(5) ; (b)(6)



Defense and Military Sector Community and Industry Adjustment and Diversification Assessment, Analysis, and Strategy

**Department of Labor and Industrial Relations Office of Community Services DIA
Program Manager: Bill Landers Evaluation Committee Kick-Off October 4, 2016**

State of Hawaii (DIA)



State of Hawaii (DIA) Overview

- Defense industry is second largest economic sector in State of Hawaii
Defense spending in Hawaii accounts for 9.9% of state's GDP
Budget reductions impact defense supply chain
Data about defense supply chain woefully lacking
State of Hawaii requested grant from OEA to enable collection of data to be better able to adjust and adapt to the military's changing requirements in a timely manner
Grant funds approved 6 June 2016
PoP 1 July 2016 – 30 June 2017

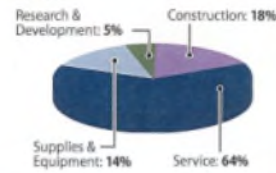
State of Hawaii (DIA) OEA Abstract

HAWAII

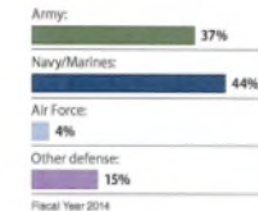
'18	\$7.4 BILLION SPENT IN STATE	'2	9.9% OF STATE GDP	1.8%	OF TOTAL U.S. DEFENSE SPENDING	\$5,352	PER RESIDENT
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CONTRACTS

By Type



By Service



Top Contractors

Contractor	(Millions)
BAE Systems	\$136.7 M
Tesoro	\$66.8 M
Nan, Inc.	\$62.5 M
Manu Kai	\$58.8 M
J & J Maintenance	\$36.3 M
Pelatron	\$35.9 M
dck-ecc pacific	\$35.7 M
Absher Construction	\$35.7 M
Performance Systems Inc.	\$35.3 M
Y. Hata	\$26.2 M

Value of Contract Awards Performed (Billions)



TOP DEFENSE SPENDING LOCATIONS

Honolulu County	\$6.7 B
Kauai County	\$111.7 M
Hawaii County	\$67.9 M
Maui + Kalawao County	\$66.7 M

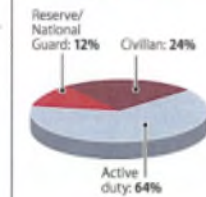


DEFENSE PERSONNEL

\$5.6 Billion
TOTAL PAYROLL

77,163
TOTAL PERSONNEL

Allocation, By Type



Top Personnel Locations

Honolulu County	67,354
Hawaii County	615
Maui + Kalawao County	597
Kauai County	249

State of Hawaii (DIA) Project

I Project Initiation & Planning	II Prototype Development	III Deployment	IV Refinement & Analysis
July 1 – October 31, 2016	November 1, 2016 – January 31, 2017	February 1, 2017 – March 31, 2017	April 1 – June 30, 2017
Procure & contract consultant services	Develop prototype methodology; Deploy with “beta” stakeholders; Analyze preliminary data; Improve methodology and tools	Deploy methodology and tools across the state to collect data; Analyze results; Improve methodology and tools	Collect data to “fill in” model, as needed; Analyze results; develop Action Plan

- Aggressive schedule Four phases Contractor will work Phases 2-4

State of Hawaii (DIA)
Project (continued)

- Three major tasks
Research and Analysis
Information Technology
Communications/Outreach
Four Major Deliverables
Stakeholder Directory
Asset and Supply Chain Map
Economic Data and Infographics
Action Plan

State of Hawaii (DIA)
Project (continued)

- Project will help baseline where we are at, including contractor directory and supply chain mapMethodology and tools for ongoing data collection and analysisBetter collaboration between defense contractors and governmentIncreased State and community awareness of defense sector impact State and community will be better equipped to adjust and adapt to the military's changing requirements in a timely manner

State of Hawaii (DIA) Evaluation Process

- Take copies of the proposal with youRead proposals and complete an evaluation form for each oneUse comments section, especially for subjective scoringNames of evaluation committee members will be publicNames on evaluation forms will be redacted, but scores and comments publicDo not discuss proposals with each other while evaluatingThe evaluation process, names of the companies submitting a proposal, your evaluation and opinion of that proposal, and the selected winner are all to be kept confidentialReturn evaluation forms to Landers by COB Monday, October 10Return proposal copies at October 11 meetingPLEASE KEEP TRACK OF THE TIME YOU INVEST IN THIS EFFORT (matching grant)

State of Hawaii (DIA)
Evaluation Scoresheet

- Sections 1 and 2 – Cost
For Cost factors the State Procurement Office (SPO) requires this formula: $(\text{lowest price} \times \text{maximum points}) / \text{Offeror's price} = \text{points}$
Example: 20 maximum points
Offeror A has lowest price = \$50,000 $(50,000 \times 20) / 50,000 = 20$ points
Offeror B price = \$55,000 $(50,000 \times 20) / 55,000 = 18$ points
Offeror C price = \$70,000 $(50,000 \times 20) / 70,000 = 14$ points
Need to see all proposals before these sections can be completed
All of us should have the same scores for these sections

State of Hawaii (DIA)
Evaluation Scoresheet (continued)

- Sections 3 – ExperienceHas been in business for a number of years and has performed services specified in the RFPFocus here is really about the identified key personnel, not the companyProvided quality/reliable references and client listingsDIA Program Manager (Landers) will contact references and report to committeePlanning to provide qualified key personnel at contract startSchedule is aggressive; cannot afford to wait for personnel to finish other projects

State of Hawaii (DIA)
Evaluation Scoresheet (continued)

- Section 4 – Sample Projects Good examples? Positive outcomes?
Section 5 – Knowledge of Hawaii DoD Contractor Community How strong does that appear to be?

State of Hawaii (DIA)
Evaluation Scoresheet (continued)

- Section 6 – Project Proposal
Proposed a sound methodology
How are they planning to bring home the deliverables? Can we continue to update them?
Approach to timeline is realistic
Three primary tasks with four major deliverables need to be integrated into the schedule, phases II-IV; does their plan look doable for the time allotted?
Expected results conform to State's requirements
Are they offering what we asked for or something else? Did they address all of our requirements or were some missed?
Offeror's approach appears to be low-risk and proposal has no apparent shortfalls in what needed to be addressed per the RFPs
Is the proposal complete? Are they proposing high-risk solutions?

State of Hawaii (DIA)

Wrap-Up

- Discussion – Evaluation Scoresheets Final version will be emailed to team today Use Numbers in-lieu of Reviewer Name: 1 = Kam 2 = Kym 3 = Tom 4 = Mark 5 = Bill Evaluation Committee Member Qualifications Form Attestation Forms May receive more proposals post-marked by the deadline Questions?

Mahalo!





Defense and Military Sector Community and Industry Adjustment and Diversification Assessment, Analysis, and Strategy

Department of Labor and Industrial Relations Office of Community Services DIA
Program Manager: (b)(6) Evaluation Committee Wrap-Up October 11, 2016

State of Hawaii (DIA)

	Batra	CHMURA	Matrix	SMS	WHALE
Reviewer 1	73	74	81	84	63
Reviewer 2	73	75	86	88	50
Reviewer 3	71	71	88	95	59
Reviewer 4	59	69	79	78	57
Reviewer 5	66	66	81	79	57

State of Hawaii (DIA)

- Between Matrix Design and SMSVery closeWinner = SMSWill announce Thursday, 13 October (ten days after deadline)Please keep confidentialNeed estimate from everyone for hours worked on this project

State of Hawaii (DIA)

- Mahalo!!

SECTION FOUR

EVALUATION CRITERIA

Evaluation criteria and the associated points are listed below. The award will be made to the responsible Offeror whose proposal is determined to be the most advantageous to the State based on the evaluation criteria listed in this section.

The total number of points used to score this contract is 100.

- 1) Cost of services and tools to perform this contract (20 points)
- 2) Estimated total cost of ownership for the State to operate and maintain the technology developed for this project over a five-year period (20 points)
- 3) Previous experience, capability and proficiency as follows: (15 points)
 - a. Number of years in the business and number of years performing services specified in this RFP
 - b. Reference and client listings
 - c. Key personnel available at contract start
- 4) Sample projects and/or examples of similar tasks/deliverables performed in the past (10 points)
- 5) Knowledge and familiarity with the Defense contractor community within the State of Hawaii (15 points)
- 6) Project Proposal (20 points)
 - a. Soundness of proposed methodology
 - b. Realism of approach to timeline
 - c. Conformance of expected result to State's requirements
 - d. Proposal Shortfalls/Risks

The State of Hawaii
Office of Community Services
RFP: OCS-OEA-17-01W
Defense and Military Sector Community and Industry Adjustment
And Diversification Assessment, Analysis, and Strategy Project

RFP Post: September 2, 2016
Proposal Deadline: October 3, 2016

Offeror: Total Score:

Reviewer Number: Date of Review:

An evaluation committee of at least three (3) qualified State employees shall evaluate the proposals. The evaluation will be based solely on the evaluation criteria set out in Section Four of the RFP. The award will be made to the responsive responsible Offeror whose proposal is determined to be the most advantageous to the State based on the Evaluation Criteria.

After reading a Offeror's proposal, assign a score for each criterion. Provide comments on the Offeror's strengths or weaknesses, especially if the scores are extremely high or low. **The highest possible total score for each proposal is 100 points.**

<u>Evaluation Criteria</u>	<u>Possible Points</u>
Cost of services/tools	20
Estimated 5-year Total Cost of Ownership	20
Previous Experience	15
Sample projects	10
Knowledge of Hawaii DoD contractor community	15
Project Proposal	<u>20</u>
Total:	100

1. Cost of Services/Tools (20 Points)

The State will examine the total cost of services and tools estimated to perform this contract. **Note: You need to see all proposals before you can score this section.**

	Points Available	Score
a. Cost of Services/Tools	-	-
<p>[The State has \$547,200 available from an OEA grant to perform this contract.]</p> <p>Please use the following formula:</p> <p>Lowest price = A: $(A \times 20) / A = 20$ points</p> <p>Second lowest price = B: $(A \times 20) / B = xx$ points</p> <p>Third lowest price = C: $(A \times 20) / C = yy$ points</p> <p>Etc.</p> <p>Total cost of services and tools to perform this contract</p>	20	

Comments:

2. Estimated 5-year Total Cost of Ownership (20 Points)

The State will examine the estimated cost to sustain technology/tools developed as part of this contract. **Note: You need to see all proposals before you can score this section.** Please use the same formula as section 1.

	Points Available	Score
a. Sustainability Cost	-	-
<p>[The State is looking for methodology, tools and technologies that enable ongoing data collection and analysis over time. As part of the overall best value picture, the State therefore needs to know if there are estimated maintenance costs for the proposed solution. The State currently has no sustainment budget for subsequent years.]</p> <p>Please use the following formula:</p> <p>Lowest price = A: $(A \times 20) / A = 20$ points</p> <p>Second lowest price = B: $(A \times 20) / B = xx$ points</p> <p>Third lowest price = C: $(A \times 20) / C = yy$ points</p> <p>Etc.</p> <p>Estimated total cost of ownership to operate and maintain the technology developed for this project over a five-year period.</p>	20	

Comments:

3. Previous Experience (15 Points)

The State will review and assess previous experience, capability, and proficiency.

	Points Available	Score
<p><u>Score on a scale of 0-5, with:</u></p> <p>0 = identified key personnel have no relevant experience and have not performed services identified in the RFP</p> <p>10 = identified key personnel have years of relevant experience and have performed services identified in the RFP; available at contract start</p> <p>a. Has been in business for a number of years and has performed services specified in the RFP.</p> <p>b. Planning to provide qualified key personnel at contract start</p>	10	
<p>Score on a scale of 0-5, with:</p> <p>0 = no references were provided, or references provided gave Offeror poor performance ratings</p> <p>5 = references were provided and they gave excellent performance ratings</p> <p>Note: DIA Program Manager will contact the references provided by the Offeror and report back to the Evaluation Team</p> <p>c. Provided quality/reliable references and client listings</p>	5	

Comments:

4. Sample Projects (10 points)

The State will review provided examples of similar past projects for relevance to this project.

	Points Available	Score
Score on a scale of 0-10, with: 0 = no examples were provided; or, examples provided were not similar projects 10 = examples of similar projects were provided, and they all had positive outcomes a. Provided solid examples that are relevant to this project.	10	

Comments:

5. Knowledge of Hawaii DoD Contractor Community (15 Points)

The State will assess the Offeror's familiarity with the Defense contractor community within the State of Hawaii.

	Points Available	Score
Score on a scale of 0-15, with: 0 = Offeror appears to have no knowledge of Hawaii's DoD contractor community 15 = Offeror appears to have excellent knowledge and understanding of Hawaii's DoD contractor community a. Rate the Offer's apparent knowledge of Hawaii's Defense contractor community	15	

Comments:

6. Project Proposal (20 Points)

The State will assess the overall proposal as a whole for the following:

	Points Available	Score
<p>Score on a scale of 0-5, with:</p> <p>0 = No apparent methodology is proposed; or, methodology proposed to develop Defense contractor directory, supply chain map, baseline economic data/infographics, and action plan is unrealistic and has a poor chance for success</p> <p>5 = Methodology proposed to develop Defense contractor directory, supply chain map, baseline economic data/infographics, and action plan appears realistic and has a good chance for success</p> <p>a. Proposed a sound methodology</p>	5	
<p>Score on a scale of 0-5, with:</p> <p>0 = No discussion given to timeline; or, approach to timeline does not demonstrate realistic integration of tasks and deliverables into the timeline phases and has a poor chance of meeting schedule</p> <p>5 = Approach to timeline demonstrates realistic integration of tasks and deliverables into the timeline phases and has a good chance of meeting schedule</p> <p>b. Approach to timeline is realistic</p>	5	
<p>Score on a scale of 0-5, with:</p> <p>0 = Offeror is not proposing to meet the State's requirements laid out in the RFP</p> <p>5 = Offeror has addressed all requirements in the RFP and discussed how they plan to deliver on them</p> <p>c. Expected results conform to State's requirements</p>	5	

<p>Score on a scale of 0-5, with:</p> <p>0 = Offeror's proposal is a risk to the success the project due to approach for staffing, methodology, schedule, or cost; and/or, Offeror has not addressed major portions of the RFP</p> <p>5 = Offeror's proposal has a reasonable probability of success due to the approach for staffing, methodology, schedule, and cost; if there are risks in the proposal, Offeror has defined realistic mitigation actions to address them; Offeror has addressed all portions of the RFP</p> <p>d. Offeror's approach appears to be low-risk and proposal has no apparent shortfalls in what needed to be addressed per the RFP</p>	5	

Comments:

Please provide summary comments here:



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

This Contract, executed on the respective dates indicated below, **is effective as of**
November 22, 20 16 between the Office of Community Services
(Insert name of the state department, agency board or commission)
State of Hawai'i ("STATE"), by its Executive Director
(Insert title of person signing for the STATE)
(hereafter also referred to as the HEAD OF THE PURCHASING AGENCY or designee
("HOPA")), whose address is: 830 Punchbowl Street, Room 420, Honolulu, Hawaii 96813
and SMS Research & Marketing Services, Inc.
(Name of CONTRACTOR)
("CONTRACTOR"), a Corporation
(Insert Corporation, partnership, joint venture, sole proprietorship, or other legal form of the Contractor)
under the laws of the State of HAWAII, whose business address and federal and state
taxpayer identification numbers are as follows: 1042 Fort Street Mall, Suite 200
Honolulu, Hawaii 96813; Federal Identification Number 99-0250244; and State Identification
Number W20382248-01.

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

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

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

E. Pursuant to: Chapter 371K, Hawaii Revised Statutes, the STATE
(Legal authority to enter into this Contract)
is authorized to enter into this Contract.

F. Money is available to fund this Contract pursuant to:

(1) _____,
(Identify state sources)

or (2) **Economic Adjustment Assistance for State Government, 12.617, Award ID HQ00051610178**
(Identify federal sources)

or both, in the following amount: State \$ _____
Federal \$ \$546,992.00

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

1. Scope of Services. The CONTRACTOR shall, in a proper and satisfactory manner as determined by the STATE, provide all the goods or services, or both, set forth in the request for competitive sealed proposals number OCS-OEA-17-01 ("RFP") and the CONTRACTOR'S accepted proposal ("Proposal"), both of which, even if not physically attached to this Contract, are made a part of this Contract.

2. Compensation. The CONTRACTOR shall be compensated for goods supplied or services performed, or both, under this Contract in a total amount not to exceed **FIVE HUNDRED FORTY-SIX THOUSAND NINE HUNDRED NINETY-TWO DOLLARS (\$ 546,992.00)**, including approved costs incurred and taxes, at the time and in the manner set forth in the RFP and CONTRACTOR'S Proposal.

3. 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.

4. Bonds. The CONTRACTOR ☐ is required to provide or ☐ is not required to provide: ☐ a performance bond, ☐ a payment bond, ☐ a performance and payment bond in the amount of _____ DOLLARS (\$ _____).

5. Standards of Conduct Declaration. The Standards of Conduct Declaration of 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. In the event of a conflict among the documents, the order of precedence shall be as follows: (1) this Contract, including all attachments and addenda; (2) the RFP, including all attachments and addenda; and (3) the Proposal.

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

8. Notices. Any written notice required to be given by any 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 the Contract. Notice to the CONTRACTOR shall be sent to the CONTRACTOR's address indicated in the Contract. A notice shall be deemed to have been received three (3) days after mailing or at the time of actual receipt whichever is earlier. The CONTRACTOR is responsible for notifying the STATE in writing of any change of address.

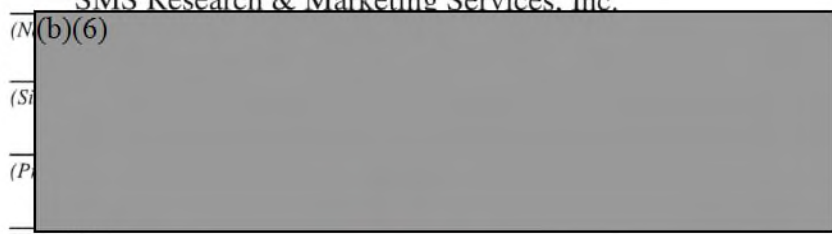
IN VIEW OF THE ABOVE, the parties execute this Contract by their signatures, on the dates below, to be effective as of the date first above written.

(b)(6)

(Print Name)
Executive Director
(Print Title)
JAN 06 2017
(Date)

CONTRACTOR

CORPORATE SEAL
(if available)

SMS Research & Marketing Services, Inc.
(b)(6)

(Print Title)
1/4/17
(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

CONTRACTOR'S ACKNOWLEDGMENT

STATE OF Hawaii)
City AND COUNTY OF Honolulu) SS.

On this 4th day of January, 2017 before me appeared
(b)(6) 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
Executive Vice President and _____ of
Sms Research & Marketing Services, 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.

(b)(6)

(b)(6)

(b)(6)

Notary Public, State of Hawaii
My commission expires: 11/2/20

(b)(6)

(b)(6)

Notary Signature Date

NOTARY CERTIFICATION



Beyond Information. Intelligence.

Consulting

Database Marketing

Economic & Social Impact
Studies

Research

Training

SMS

1042 Fort Street Mall
Suite 200
Honolulu, HI 96813

(b)(6)

CORPORATE RESOLUTION

I, Hersh Singer, Chairman and President, of SMS RESEARCH & MARKETING SERVICES, INC., acknowledge that the following Resolution was duly adopted by the Shareholders and Directors of the Corporation at a meeting held on June 1, 1989 and that such resolution has not been modified or amended and is in full force and effect on the date hereof;

RESOLVED that the Executive Vice-President and Secretary (b)(6) whose resident address is (b)(6) shall be authorized to submit bids and to sign all legal documents, contract, and other papers for and in behalf of the Corporation.

In witness whereof, I have hereunto set my hand and affixed the seal of this company this 4th day of March 2015.

(b)(6)

Hersh Singer
Chairman and President
SMS RESEARCH & MARKETING
SERVICES, INC.

SMS Affiliations and Associations:

Warren Dastrup – Kauai Affiliate
Experian
International Survey Research
Interviewing Service of America
Solutions Pacific, LLC
Ka'ala Souza Training
3i Marketing & Communications



SMSRESE-02

KFUJII

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

12/22/2016

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

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

PRODUCER
Finance Insurance Ltd.
1164 Bishop Street, Suite 400
Honolulu, HI 96813

CONTACT
NAME:
PHONE
(A/C, No.)
E-MAIL
ADDRESS

(b)(6)

FAX
(A/C, No.)

(b)(6)

INSURER(S) AFFORDING COVERAGE**NAIC #****INSURER A:** DTRIC Insurance Company, Ltd

37265

INSURER B:**INSURER C:****INSURER D:****INSURER E:****INSURER F:****INSURED**

SMS Research & Marketing Services, Inc.
1042 Fort Street Mall #200
Honolulu, HI 96813

COVERAGES

CERTIFICATE NUMBER:

REVISION NUMBER: 1

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

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY						
	CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR	<input checked="" type="checkbox"/>		2005627	07/01/2016	07/01/2017	EACH OCCURRENCE \$ 1,000,000
							DAMAGE TO RENTED PREMISES (Fa occurrence) \$ 100,000
							MED EXP (Any one person) \$ 5,000
							PERSONAL & ADV INJURY \$ 1,000,000
							GENERAL AGGREGATE \$ 2,000,000
							PRODUCTS - COM/OP AGG \$ 2,000,000
							\$
	GEN'L AGGREGATE LIMIT APPLIES PER:						
	<input checked="" type="checkbox"/> POLICY	<input checked="" type="checkbox"/> PRO-JECT	<input checked="" type="checkbox"/> LOC				
	OTHER:						
A	<input checked="" type="checkbox"/> AUTOMOBILE LIABILITY			2005627	07/01/2016	07/01/2017	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000
	<input checked="" type="checkbox"/> ANY AUTO OWNED AUTOS ONLY	<input checked="" type="checkbox"/> SCHEDULED AUTOS					BODILY INJURY (Per person) \$ 1,000,000
	<input checked="" type="checkbox"/> HIRED AUTOS ONLY	<input checked="" type="checkbox"/> NON-OWNED AUTOS ONLY					BODILY INJURY (Per accident) \$ 1,000,000
							PROPERTY DAMAGE (Per accident) \$ 1,000,000
							\$
A	<input checked="" type="checkbox"/> UMBRELLA LIAB	<input checked="" type="checkbox"/> OCCUR		EX32801470	07/01/2016	07/01/2017	EACH OCCURRENCE \$ 2,000,000
	EXCESS LIAB	CLAIMS-MADE					AGGREGATE \$ 2,000,000
	DED <input checked="" type="checkbox"/> RETENTIONS	0					\$
A	<input checked="" type="checkbox"/> WORKERS COMPENSATION AND EMPLOYERS' LIABILITY			2005619	07/01/2016	07/01/2017	<input checked="" type="checkbox"/> PER STATUTE <input checked="" type="checkbox"/> OTH-ER \$ 500,000
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	Y/N	N/A				E.L. EACH ACCIDENT \$ 500,000
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE \$ 500,000
							E.L. DISEASE - POLICY LIMIT \$ 500,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

The Certificate Holder named below is an additional insured under the policy to the extent set forth in the policy provisions.

Contract No.: OCS-OEA-17-02

Defense and Military Sector Community and Industry Adjustment and Diversification Assessment, Analysis and Strategy Project

CERTIFICATE HOLDER

CANCELLATION

State of Hawaii, DLIR
Office of Community Services
830 Punchbowl Street, Room 420
Honolulu, HI 96813

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

(b)(6)



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

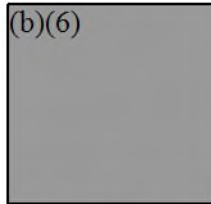
Vendor Name: **SMS RESEARCH & MARKETING SERVICES, INC.**

DBA/Trade Name: **SMS RESEARCH & MARKETING SERVICES, INC.**

Issue Date: **11/21/2016**

Status: **Compliant**

Hawaii Tax#:
New Hawaii Tax#:
FEIN/SSN#:
UI#:
DCCA FILE#:



Status of Compliance for this Vendor on issue date:

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



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 _____, 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 (b)(6)

By _____
(Signature)

Print Name _____

Print Title _____

Name of Contractor _____

Date _____

Executive Vice President
IMS Research & Marketing
Services, Inc.
1/4/17

DEPARTMENT OF HEALTH AND HUMAN SERVICES CERTIFICATIONS

1. CERTIFICATION REGARDING DEBARMENT AND SUSPENSION

The undersigned (authorized official signing for the applicant organization) certifies to the best of his or her knowledge and belief, that the applicant, defined as the primary participant in accordance with 45 CFR Part 76, and its principals:

- (a) are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal Department or agency;
- (b) have not within a 3-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
- (c) are not presently indicted or otherwise criminally or civilly charged by a governmental entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraph (b) of this certification; and
- (d) have not within a 3-year period preceding this application/proposal had one or more public transactions (Federal, State, or local) terminated for cause or default.

Should the applicant not be able to provide this certification, an explanation as to why should be placed after the assurances page in the application package.

The applicant agrees by submitting this proposal that it will include, without modification, the clause titled "Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion--Lower Tier Covered Transactions" in all lower tier covered transactions (i.e., transactions with sub-grantees and/or contractors) and in all solicitations for lower tier covered transactions in accordance with 45 CFR Part 76.

2. CERTIFICATION REGARDING DRUG-FREE WORKPLACE REQUIREMENTS

The undersigned (authorized official signing for the applicant organization) certifies that the applicant will, or will continue to, provide a drug-free workplace in accordance with 45 CFR Part 76 by:

- (a) Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
- (b) Establishing an ongoing drug-free awareness program to inform employees about--
 - (1) The dangers of drug abuse in the workplace;
 - (2) The grantee's policy of maintaining a drug-free workplace;
 - (3) Any available drug counseling, rehabilitation, and employee assistance programs; and
 - (4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
- (c) Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph (a) above;
- (d) Notifying the employee in the statement required by paragraph (a), above, that, as a condition of employment under the grant, the employee will--
 - (1) Abide by the terms of the statement; and
 - (2) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;
- (e) Notifying the agency in writing within ten calendar days after receiving notice under paragraph (d)(2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;

- (f) Taking one of the following actions, within 30 calendar days of receiving notice under paragraph (d) (2), with respect to any employee who is so convicted--
 - (1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
 - (2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;
- (g) Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (a), (b), (c), (d), (e), and (f).

For purposes of paragraph (e) regarding agency notification of criminal drug convictions, the DIIHS has designated the following central point for receipt of such notices:

Office of Grants and Acquisition Management
 Office of Grants Management
 Office of the Assistant Secretary for Management and Budget
 Department of Health and Human Services
 200 Independence Avenue, S.W., Room 517-D
 Washington, D.C. 20201

3. CERTIFICATION REGARDING LOBBYING

Title 31, United States Code, Section 1352, entitled "Limitation on use of appropriated funds to influence certain Federal contracting and financial transactions," generally prohibits recipients of Federal grants and cooperative agreements from using Federal (appropriated) funds for lobbying the Executive or Legislative Branches of the Federal Government in connection with a SPECIFIC grant or cooperative agreement. Section 1352 also requires that each person who requests or receives a Federal grant or cooperative agreement must disclose lobbying undertaken with non-Federal (nonappropriated) funds. These requirements apply to grants and cooperative agreements EXCEEDING \$100,000 in total costs (45 CFR Part 93).

Certification for Contracts, Grants, Loans and Cooperative Agreements

The undersigned (authorized official signing for the applicant organization) certifies, to the best of his or her knowledge and belief, that:

- (1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the under-signed, to

any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

- (2) If any funds other than Federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure of Lobbying Activities," in accordance with its instructions. (If needed, Standard Form-LLL, "Disclosure of Lobbying Activities," its instructions, and continuation sheet are included at the end of this application form.)
- (3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Statement for Loan Guarantees and Loan Insurance

The undersigned states, to the best of his or her knowledge and belief, that:

If any funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this commitment providing for the United States to insure or guarantee a loan, the undersigned shall

complete and submit Standard Form –LLL, “Disclosure Form to Report Lobbying,” in accordance with its instructions.

4. CERTIFICATION REGARDING PROGRAM FRAUD CIVIL REMEDIES ACT (PFCRA)

The undersigned (authorized official signing for the applicant organization) certifies that the statements herein are true, complete, and accurate to the best of his or her knowledge, and that he or she is aware that any false, fictitious, or fraudulent statements or claims may subject him or her to criminal, civil, or administrative penalties. The undersigned agrees that the applicant organization will comply with the Public Health Service terms and conditions of award if a grant is awarded as a result of this application.

5. CERTIFICATION REGARDING ENVIRONMENTAL TOBACCO SMOKE

Public Law 103-227, also known as the Pro-Children Act of 1994 (Act), requires that smoking not be permitted in any portion of any indoor facility owned or leased or contracted for by an entity and used routinely or regularly for the provision of health, day care, early childhood development services, education or library services to children under the age of 18, if the services are funded by Federal programs either directly or through State or local governments, by Federal grant, contract, loan, or loan guarantee. The law also applies to children’s services that are provided in indoor facilities that are constructed,

operated, or maintained with such Federal funds. The law does not apply to children’s services provided in private residence, portions of facilities used for inpatient drug or alcohol treatment, service providers whose sole source of applicable Federal funds is Medicare or Medicaid, or facilities where WIC coupons are redeemed.

Failure to comply with the provisions of the law may result in the imposition of a civil monetary penalty of up to \$1,000 for each violation and/or the imposition of an administrative compliance order on the responsible entity.

By signing the certification, the undersigned certifies that the applicant organization will comply with the requirements of the Act and will not allow smoking within any portion of any indoor facility used for the provision of services for children as defined by the Act.

The applicant organization agrees that it will require that the language of this certification be included in any subawards which contain provisions for children’s services and that all subrecipients shall certify accordingly.

The Public Health Services strongly encourages all grant recipients to provide a smoke-free workplace and promote the non-use of tobacco products. This is consistent with the PHS mission to protect and advance the physical and mental health of the American people.

SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL (b)(6)	TITLE <i>Executive Vice President</i> Chairman (b)(6)
APPLICANT ORGANIZATION SMS Research & Marketing Services, Inc.	DATE SUBMITTED <i>1/4/17</i>

(b)(6)



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").*

(b)(6)

by the Director of DHRD, I certify that the services to
(s) providing the services under this Contract are exempt
Hawaii Revised Statutes (HRS). JAN 18 2017

(Signature)

(Date)

LINDA CHU TAKAYAMA

(Print Name)

DIRECTOR

(Print Title)

* 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

SCOPE OF SERVICES

DEFENSE AND MILITARY SECTOR COMMUNITY
AND INDUSTRY ADJUSTMENT AND DIVERSIFICATION ASSESSMENT,
ANALYSIS AND STRATEGY PROJECT

PROJECT OVERVIEW AND BACKGROUND

Background

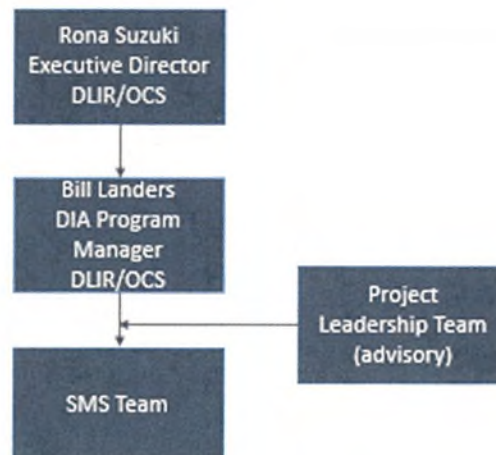
The State of Hawaii (STATE) is contracting for professional services to support its project to systematically identify and study its defense supply chain so that Hawaii will be better able to adjust and adapt to the military's changing requirements in a timely manner.

The defense industry is Hawaii's second largest economic sector. The President's pivot to the Pacific has drawn attention and resources to the region. Hawaii is unique in that it is home to all military services, with six (6) commands and eighteen (18) installations geographically located across the islands. As a result, a sizable defense contractor community has been built in Hawaii and it has been an effective partner in preserving the security of the nation and region.

However, data about the defense supply chain is largely unavailable. As a result, the defense industry economic sector is not well managed and supported. This project will enable the STATE to develop an infrastructure and data set to inform efforts to better organize the sector and align planning and resources to help ensure its continued capabilities.

Project Organization

This project is being managed by the State of Hawaii, Department of Labor and Industrial Relations (DLIR), Office of Community Services (OCS), in partnership with the Office of the Governor. Subject Matter Experts (SMEs) from across the State will provide information and support. In addition, the Chamber of Commerce Hawaii, Military Affairs Council (MAC) is a critical partner for this project. SMEs and a MAC representative will make up a Project Leadership Team which will serve as an advisory committee.





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SCOPE OF SERVICES

Funding: This project is being funded by the U.S. Department of Defense (DoD), Office of Economic Adjustment (OEA), and is subject to the availability of Federal funds. Federal and State procurement guidelines apply.

This is a cost-reimbursement contract.

Procurement: Contractor Selection

DLIR/OCS procured services for this project through a Request for Proposals (RFP OCS-OEA-17-02-01W). The CONTRACTOR, SMS, was selected as a result of this process.

Request for Proposals #RFP OCS-OEA-17-02W and the Contractors accepted proposal, both of which, even if not physically attached to this Contract, are made part of this Contract.

SCOPE OF WORK

Overview

All services provided to the STATE shall be in accordance with this Contract, Scope of Work (SOW), including its attachments and any addenda.

The CONTRACTOR is required to produce the methodology, tools, and technologies required to identify defense contractors/suppliers (“stakeholders”) that are part of the Hawaii DoD supply chain, and determining their impacts to the Hawaii economy. The CONTRACTOR shall produce a website that shall facilitate the data collection and provide a visual display of the analytical data derived based on the data collected.

The methodology, tools and technologies created for this project shall be owned by the STATE and shall be turned over to the STATE at project completion. The CONTRACTOR assigns to the STATE, for no additional consideration, all CONTRACTOR's rights, including copyrights, in all deliverables and other works prepared by the CONTRACTOR under this Agreement. The CONTRACTOR shall, and shall cause its employees and agents to, promptly sign and deliver any documents and take any actions that the STATE reasonably requests to establish and perfect the rights assigned to the STATE or its designee under this provision.

The cost of all IT development, including software acquired, developed and/or enhanced, are included in this Contract budget and the software shall be owned by the STATE. Costs incurred for the procurement of project related expenses (e.g., domain name, website hosting, etc.) will be reimbursed to the CONTRACTOR upon provision of receipts and proof of payment.

The methodology, tools and technologies created for this project shall support ongoing data collection and analysis. This shall enable the STATE to continue data collection and provide the STATE with the ability to refresh the data and analysis into the future, beyond the duration of this project. In order to minimize technical development costs, existing tools shall be leveraged for this project wherever practicable.

The CONTRACTOR shall produce the following primary deliverables for this project:

- A. A stakeholder directory;
- B. An asset and supply chain map;
- C. A collection of economic data and infographics; and
- D. An Action Plan for the future based on collected information.



STATE OF HAWAII

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In addition to the primary deliverables above, the CONTRACTOR shall produce other deliverables as discussed throughout the SOW and in the Deliverables sections below.

Project Management and Progress Reports

The CONTRACTOR shall produce a weekly status report for the DLIR/OCS DIA Program Manager. The report shall outline progress for the completed week, goals for the next week, report the amount of hours spent by labor category for the week, and discuss any obstacles or issues that need attention. The frequency, content, means of delivery, and format of these reports shall be subject to change and shall be at the discretion of the DLIR/OCS DIA Program Manager.

The DLIR/OCS will conduct design reviews weekly throughout Phase I. The DLIR/OCS will conduct User Acceptance Testing (UAT) at intervals of its choosing throughout all three phases to provide feedback and direction to the CONTRACTOR on quality and general progress. UATs will include testing the tools/applications being developed, or developed, by the CONTRACTOR for this project. UATs will also include inspection of products and deliverables being developed, or developed, for this project. The CONTRACTOR shall support these design reviews and UATs whenever the DLIR/OCS requests that support, and the DLIR/OCS will give the CONTRACTOR at least one week's notice when that support shall be required. Coupled with the weekly status reports discussed in the paragraph above, the STATE's intent is to create an environment with rapid development/feedback cycles to provide the CONTRACTOR with any corrective guidance in a timely manner. The DLIR/OCS will also conduct a final inspection/UAT on contract deliverables to ensure they conform to the standards and guidance provided by the DLIR/OCS to the CONTRACTOR during the periodic design reviews and UATs.

The CONTRACTOR shall provide monthly invoices to the STATE. Invoices shall be accompanied by supporting documentation that includes names, labor categories, hours allocated to date worked by the individual, and total hours worked by the individual for the month. Payment by the STATE to the CONTRACTOR shall be dependent upon the receipt and approval (inspection/UAT) of required monthly deliverables. Reference the Deliverables sections below and Attachment S-2 Compensation and Payment Schedule.

The Contract schedule is divided into three phases.

I. Methodology and Prototype Development	II. Deployment	III. Refinement and Analysis
November 1, 2016 – January 31, 2017	February 1, 2017 – March 31, 2017	April 1 – June 30, 2017
Develop prototype tools; Develop data collection methodology; Deploy with “beta” stakeholders; Analyze preliminary data; Improve methodology and tools	Deploy methodology and tools across the state to collect data; Analyze results; Improve methodology and tools	Collect data to “fill in” model, as needed; Analyze results; Develop Action Plan

This Contract outlines the services to be performed by the CONTRACTOR, as defined in this SOW.



STATE OF HAWAII

SCOPE OF SERVICES

Phase I. Methodology and Prototype Development [November 22, 2016 through June 30, 2017]

Phase I is focused on designing and prototyping the overall project methodology, including design of the data collection and analysis tools, to ensure that the primary deliverables (listed in Overview above) can be developed. Phase I is Not to Exceed \$225,530.

Task I.A: Integrated Project Plan (IPP)

Details of the design, methodology and schedule shall be included in a narrative Integrated Project Plan (IPP). The CONTRACTOR shall deliver the IPP to DLIR/OCS no later than Close of Business (COB) on 30 November 2016.

The IPP shall include, but not be limited to the following:

- The CONTRACTOR shall design the data collection and analysis methodology to create the stakeholder directory, supply chain map, and collection of economic data with infographics to support the Action Plan development. The CONTRACTOR shall use both primary and secondary data sources as part of the data collection methodology. Primary data sources shall include stakeholder surveys and interviews and are meant to supplement/adjust information from secondary data sources. Secondary data sources shall include publicly available sources such as USASpending and the Federal Procurement Data System (FPDS), and shall cover at a minimum Federal Fiscal Year 2015. The analysis methodology shall include parsing of the data collected, means to populate the stakeholder directory, and plan to visually show results and analysis. The CONTRACTOR shall adjust data obtained from secondary data sources to account for multi-year contracts and to ensure that place-of-performance is the State of Hawaii. The CONTRACTOR shall use stakeholder interviews to further adjust the data. The CONTRACTOR shall include narrative details of the design for data collection and analysis methodology in the Integrated Project Plan.
- The CONTRACTOR shall design the IT infrastructure, including the database and website, needed to support the project. The IT infrastructure shall account for IT hosting and the CONTRACTOR shall obtain a domain name for the site. The IT system shall be developed in a cloud provider such as Amazon Web Services, and shall be scoped to support a small number of simultaneous web-based users and all of the data to be collected. IT security infrastructure shall be procured based on the developed requirements. The final website shall include the stakeholder directory, supply chain map, and collection of economic data with infographics. The website shall also include a data collection tool, password protected, to provide survey questions to be answered by stakeholders. The CONTRACTOR shall provide narrative details of the IT infrastructure design in the Integrated Project Plan.
- The CONTRACTOR shall develop the branding (describing the project for the public and the stakeholders) and communications (informing the public and the stakeholders about the project) strategy. The CONTRACTOR shall develop stakeholder survey questions. The survey questions shall be incorporated into the website data collection tool. The CONTRACTOR shall draft an email for distribution to all identified stakeholders as part of the Phase II (Deployment) to drive the stakeholders to the website for data collection. The CONTRACTOR shall schedule meetings with groups that support the stakeholders (economic development boards, Military Affairs Councils, etc.) across the islands, and the CONTRACTOR shall be accompanied by the DLIR/OCS Program Manager to the meetings. These meetings shall be designed to inform the groups of the project, emphasize the importance of the project, and to solicit their assistance in securing broad stakeholder participation. These meetings shall also be used to gather suggestions and information that may be relevant to additional data collection and also the final Action Plan. The CONTRACTOR shall develop general community awareness by using broad based announcements at the beginning of the Phase II



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deployment, utilizing earned media, online advertising, etc. The CONTRACTOR shall provide narrative details of their plans for all projected branding, messaging, stakeholder awareness efforts, and community awareness tactics discussed above in the Integrated Project Plan.

The DLIR/OCS DIA Program Manager will work closely with the CONTRACTOR during the IPP development process to ensure that it clearly reflects the project approach. Given the short period of performance under this Contract, it is critical that all parties, including the CONTRACTOR's subcontractors, understand and agree to the project vision, success criteria and approach. **The IPP must be approved in writing by the DLIR/OCS, including a notice to proceed, prior to the CONTRACTOR undertaking any additional work under this Contract.** Upon written approval by the STATE, the IPP shall be incorporated as an addendum to this Contract.

Task 1.B: Prototype

Once the IPP is approved by the STATE, the CONTRACTOR shall develop and deploy the prototype website, including the necessary database. Reference the paragraph above on the IT infrastructure for website description. The CONTRACTOR shall develop and deliver to the STATE preliminary technical IT documentation (reference discussion of final technical IT documentation in Phase III section below). The CONTRACTOR shall ingest secondary data sources into the infrastructure and populate the stakeholder directory.

Working in conjunction with the DLIR/OCS and the Project Leadership Team, a sample of stakeholder users shall be enlisted to use and test the data collection tool. The CONTRACTOR shall collect feedback received from these stakeholder users to make adjustments and improvements to the website data collection tool as directed by the DLIR/OCS.

Phase I: Methodology and Prototype Development Deliverables

Task 1.A: November 2016

- Integrated Project Plan
- Weekly reports to DLIR/OCS PM

Task 1.B.1: December 2016

- Prototype website with data collection tool
- Populated stakeholder directory
- Draft interview questions
- Draft mass stakeholder email
- Weekly reports to DLIR/OCS PM

Task 1.B.2: January 2017

- Draft news releases
- Operational website with completed data collection tool
- Technical IT documentation
- Report detailing at least five meetings conducted during Phase I with groups supporting stakeholders (Economic Development Boards, MAC, Chambers of Commerce, etc.)
- Report capturing the "beta" team feedback on the data collection process and the data collection tool
- Weekly reports to DLIR/OCS PM



STATE OF HAWAII

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Phase II. Deployment [February 1 through March 31, 2017]

*** Subject to amendment based on the IPP. Work on this Phase cannot be initiated until the IPP is successfully completed and accepted by the STATE. Acceptance by the STATE shall be in writing and shall include a notice to proceed.**

The CONTRACTOR shall send emails to all known Hawaii stakeholders designed to drive the stakeholders to the data collection tool on the website. A primary goal of the data collection is the discovery of additional stakeholders not yet identified, particularly tiers 2, 3, and 4 (subcontractors, subcontractors to subcontractors, etc.). The CONTRACTOR shall update the stakeholder directory as additional stakeholders are identified. The CONTRACTOR shall plan follow-up phone calls and visits to solicit broader participation. The CONTRACTOR shall focus the follow-up efforts on those stakeholders known to have the greatest economic impact on Hawaii to help ensure the most complete picture possible. The CONTRACTOR shall also use the follow-up discussions to solicit the stakeholders' impressions and outlooks for the Hawaii defense economic sector, and that feedback shall be used by the CONTRACTOR as input to the final Action Plan.

The CONTRACTOR shall provide weekly updates on data collection progress and shall undertake improvements to the process when identified, subject to the approval of the STATE. The CONTRACTOR updates shall include the ongoing ratio of completed surveys-to-website hits. The CONTRACTOR shall include these updates in the weekly status report created for the DLIR/OCS DIA Program Manager (discussed in Overview above).

Bug fixes and enhancements shall be applied by the CONTRACTOR to the IT when directed by the STATE. The CONTRACTOR shall deliver updated technical IT documentation.

Phase II: Deployment Deliverables

February 2017 [Not to Exceed: \$60,100]

- List of stakeholders emailed
- Report on coordinated and/or executed media interviews
- Preliminary displays in analysis tools on website
- List of all additional stakeholders identified through primary data sources
- List of all primary (stakeholder) data sources contacted, identifying which ones provided data that was successfully integrated with the primary data sources
- Weekly reports to DLIR/OCS PM

March 2017 [Not to Exceed: \$105,000]

- Updated technical IT documentation
- Report on coordinated and/or executed media interviews
- List of all additional stakeholders identified through primary data sources
- List of all primary (stakeholder) data sources contacted, identifying which ones provided data that was successfully integrated with the primary data sources
- Weekly reports to DLIR/OCS PM



STATE OF HAWAII

SCOPE OF SERVICES

Phase III. Refinement and Analysis [April 1 through June 30, 2017]

*** Subject to amendment based on the IPP. Work on this Phase cannot be initiated until the IPP is successfully completed and accepted by the STATE. Acceptance by the STATE shall be in writing and shall include a notice to proceed.**

For this phase, the CONTRACTOR shall analyze the data collected and identify any gaps where additional data is needed. The CONTRACTOR shall continue the ongoing solicitation for additional stakeholder participation. The CONTRACTOR shall review the project findings with the DLIR/OCS, Project Leadership Team, and others selected by the DLIR/OCS, to identify actions that shall be undertaken based on the data collected and analyzed.

The CONTRACTOR shall plan and execute final news releases, media announcements and interviews outlining the project results and elements of the final Action Plan, all subject to the approval of the DLIR/OCS.

Additional enhancements to the IT shall be completed by the CONTRACTOR, subject to the direction and approval of the DLIR/OCS. Final technical IT documentation shall be delivered by the CONTRACTOR to the STATE in a manner that enables the STATE to operate, maintain, and modify the IT developed for this project.

Upon completion of this phase, the CONTRACTOR shall deliver the following:

- A final, populated stakeholder directory on the website
- A final supply chain map depicting Hawaii's supply chain on the website
- A final collection of economic data with infographics on the website
- An Action Plan, informed by the data analysis and by feedback from the Project Leadership Team and stakeholder interviews, that will address opportunities for Hawaii's defense supply chain to adjust and adapt to the military's changing requirements in a timely manner

Phase III: Refinement and Analysis Deliverables

April 2017 [Not to Exceed: \$55,993]

- List of all additional stakeholders identified through primary data sources
- List of all primary (stakeholder) data sources contacted, identifying which ones provided data that was successfully integrated with the primary data sources
- Report on coordinated and/or executed media interviews
- Weekly reports to DLIR/OCS PM

May 2017 [Not to Exceed: \$43,866]

- Draft final news releases
- Draft Action Plan
- List of all additional stakeholders identified through primary data sources
- List of all primary (stakeholder) data sources contacted, identifying which ones provided data that was successfully integrated with the primary data sources
- Weekly reports to DLIR/OCS PM

June 2017 [Not to Exceed: \$56,503]

- List of all additional stakeholders identified through primary data sources
- List of all primary (stakeholder) data sources contacted, identifying which ones provided data that was successfully integrated with the primary data sources
- Report on final news releases and media interviews conducted



STATE OF HAWAII

SCOPE OF SERVICES

- Final Stakeholder Directory
- Final supply chain map
- Final collection of economic data with infographics
- Final Action Plan
- Final technical IT documentation

TERM OF CONTRACT

Period of Performance/Schedule

This Contract encompasses a period of performance from November 22, 2016 – June 30, 2017. The CONTRACTOR shall begin work as soon as a Contract is executed.

DLIR/OCS may, when the interests of the STATE so require, terminate this Contract in whole or in part, for the convenience of the STATE. The DLIR/OCS procurement officer shall give written notice of the termination to the CONTRACTOR specifying the part of the Contract terminated and when terminations becomes effective. Reference Attachment S-3, AG-008 103D General Conditions, "Termination for Convenience."

CONTRACT ADMINISTRATOR

For the purposes of this Contract, Bill Landers, DIA Program Manager, (808) 586-8699, is designated the Contract Administrator.

Scope of Services Addenda:

- A. DLIR/OCS Request for Proposals RFP OCS-OEA-17-02W
- B. CONTRACTOR's accepted proposal in response to RFP OCS-OEA-17-02W



STATE OF HAWAII

COMPENSATION AND PAYMENT SCHEDULE

Compensation and Method of Payment. Subject to continuing availability of Federal funds, the STATE agrees to pay the CONTRACTOR, for work satisfactorily performed under this Contract **a sum not to exceed FIVE HUNDRED FORTY-SIX THOUSAND NINE HUNDRED NINETY-TWO DOLLARS (\$546,992.00)**, which sum is allocated for the purpose of this Contract as set forth in the Budget attached as Attachment – S4.

1. Payments shall be made to the CONTRACTOR upon submission by the CONTRACTOR of written requests for payment, weekly program progress reports and receipt of deliverables as set forth in the Scope of Services attached as Attachment – S1.

2. The release of funds requires that the CONTRACTOR submit request for payments and invoices that reflect the actual nature of expenses under this contract. Each Request for Payment shall be authenticated as to accuracy and certified by the CONTRACTOR that the nature of work provided for which payment is requested was performed in accordance with the terms of this Contract. The Request for Payment cannot exceed the dollar amount allocated to each task in the budget.

3. The STATE may retain some or all of each payment requested by the CONTRACTOR. Payment of the retained amount shall be made upon the following conditions being met:

- a. Acceptance of written fiscal and program progress reports and supporting documentation;
- b. Acceptable project deliverables; and
- b. Acceptance of final written fiscal report and deliverables.

4. If an amount of reported expenditures is preliminarily determined by the STATE to be inappropriate and unallowable, the STATE may deduct an equivalent amount from the next requested payment due and may withhold payment of the amount of monies equivalent to the questioned expenditures until later resolution of the discrepancy by audit or other means. After the last payment, if investigation and examination reveal additional expenditures that are determined by the STATE to be inappropriate and unallowable, the STATE may require that an equivalent amount of monies be refunded to the STATE notwithstanding the STATE's preliminary determination of appropriateness and allowability.

5. Pursuant to 32 CFR Part 28, Code of Federal Regulations, the CONTRACTOR agrees to not use FEDERAL funds for lobbying activities. See Attachment S-5.



STATE OF HAWAII

TIME OF PERFORMANCE

Time of Performance. The Contract starts on November 22, 2016 and ends on June 30, 2017.

Unless terminated, the Contract may be extended without rebidding, upon mutual written agreement between the STATE and the CONTRACTOR, subject to approval from the DoD OEA, prior to the expiration date, for not more than two (2) additional twelve (12) month periods, or parts thereof. Provided, however, the Contract price for the extended period shall remain the same or lower than the initial Contract price, subject to any increase allowed by the Contract.

Notwithstanding the expiration of the time of performance, the Contractor remains under a continuing duty to maintain records and make them available for inspection and audit, to prepare and submit reports, and a continuing general duty of cooperation.

ATTACHMENT – S4

Service Activity Title: Defense and Military Sector Community and Industry Adjustment and Diversification Assessment, Analysis and Strategy Project

Contractor: SMS Research & Marketing Services, Inc.

B U D G E T

Role	Hourly Rate	Hours	Extended \$
Research:			
Executive	\$200	210	\$ 42,000.00
Project Manager	\$180	400	\$ 72,000.00
Research & Analysis	\$200	387	\$ 77,400.00
Project Director	\$90	306	\$ 27,540.00
Assistant Project Director	\$84	110	\$ 9,240.00
Administrative Support	\$84	203	\$ 17,052.00
SME (R. Campaniano)	\$200	102	\$ 20,400.00
SME (D. Wong)	\$250	27	\$ 6,750.00
IT:			
Executive	\$200	117	\$ 23,400.00
Project Director	\$150	1,220	\$ 183,000.00
Communications:			
Executive	\$250	21	\$ 5,250.00
Project Director	\$215	76	\$ 16,340.00
Account Executive	\$160	131	\$ 20,960.00
Graphic Design	\$115	35	\$ 4,025.00
Subtotal:			\$ 525,357.00
Incidentals:			
Travel			\$ 6,000.00
Media			\$ 15,000.00
ASP Hosting			\$ 635.00
Subtotal:			\$ 21,635.00
TOTAL:			\$546,992.00

MONTH	Total	
PHASE I	\$225,530	DELIVERABLES
November		Integrated Project Plan
		Weekly status reports
December		Prototype website with data collection tool and data analysis tool
		Populated Stakeholder Directory (preliminary)
		Draft interview questions
		Draft mass stakeholder e-mail
		Weekly status reports
January		Draft news releases
		Operational website with completed data collection tool
		Technical IT documentation
		Report detailing at least five groups supporting stakeholders (MACs, EDBs, etc.)
		Report capturing "beta" team feedback on the data collection process and the data collection tool
		Weekly status reports
PHASE II		
February	\$ 60,100	List of stakeholders mailed
		Report on coordinated and/or executed media interviews
		Preliminary displays of static data analysis and ifographics on website
		List of all additional stakeholders identified through primary data sources
		List of all primary stakeholder data sources contacted identifying level of data collection success
		Weekly progress reports
March	\$ 105,000	Updated Technical IT document
		Report on coordinated and/or executed media interviews
		List of additional stakeholders identified through primary data sources
		List of all primary stakeholder data sources contacted and track level of data collection success
		Weekly progress reports
PHASE III		
April	\$ 55,993	List of all additional stakeholders identified through primary data sources
		List of all primary stakeholder data sources contacted identifying level of data collection success
		Report on coordinated and/or executed media interviews
		Weekly status reports
May	\$ 43,866	Draft final news release
		Draft Action Plan
		List of all additional stakeholders identified through primary data sources
		List of all primary stakeholder data sources contacted identifying level of data collection success
		Weekly status reports
June	\$ 56,503	List of all additional stakeholders identified through primary data sources
		List of all primary stakeholder data sources contacted identifying level of data collection success
		Report on final news releases and media interviews conducted
		Final stakeholder directory
		Final collection of economic data with infographics
		Final supply chain map
		Final action plan
		Weekly status reports
		Final technical IT documentation
Total	\$ 546,992	



STATE OF HAWAII

SPECIAL CONDITIONS

1. Failure to Deliver: The inability of the CONTRACTOR to provide the necessary personnel shall not be an acceptable reason for failure to complete the services required. Failure to complete any part of the services contained in Attachment – S1, Scope of Services, shall be deemed to be a total failure to deliver service, entitling the STATE to terminate this Contract. The service shall not be deemed delivered or performance completed, until all elements of each service are delivered and/or completed and accepted by the STATE.

2. Force Majeure: Neither party shall be held responsible for delays or failures in performance resulting from acts beyond the control of such party. Such acts shall include, but not be limited to, acts of God, labor disturbances, riots, acts of war, epidemics, government regulations imposed after the fact, fire, flood, communication line failures, power failures, shortages of transportation, earthquakes, hurricanes, or other causes beyond such party's control, provided that such party notifies the other party of such delay and the reason therefore as soon as practicable after its occurrence and requests extension prior to the specified date of product delivery, service, report, or response.

3. Federal Funds: To the extent that this Contract is funded partly or wholly by federal funds, this Contract is subject to the availability of such federal funds. The portion of this Contract that is to be funded federally shall be deemed severable, and such Federally funded portion may be terminated without liability to either the CONTRACTOR or the STATE in the event that federal funds are not available. In any case, this Contract shall not be construed to obligate the STATE to expend State funds to cover any shortfall created by the unavailability of anticipated Federal funds. In addition, when receiving Federal Funds under this Contract, the CONTRACTOR shall comply with all regulations and requirements of the expending Federal agency and complete all required forms and documents. The CONTRACTOR shall allow full access to records, reports, files, and other documents so that the program, management, and fiscal practices may be monitored by Federal representatives directly connected with the program area under this Contract.

4. Modifications of Contract: In addition to Item 19 of the General Conditions, Attachment – S8, no amendment, modification, alteration, change, or extension of any term, provision, or condition of this Contract may be made during the last thirty (30) calendar days of the Contract, unless the STATE initiates or consents to the request for an amendment, modification, alteration, change, or extension of any term, provision, or condition of this Agreement. The failure to execute the modification of contract in accordance with this Contract nullifies the proposed modification.

5. Copyright and Patent: No summary, report, map, chart, graph, table, study or other document or discovery, invention, or development produced in whole or in part under this Contract shall be the subject of an application for copyright or patent by or on behalf of the CONTRACTOR, its officers, its agents, its employees, or its subawardees without prior written authorization from the STATE. It is strictly understood that all finished or unfinished documents, reports, summaries, lists, charts, graphs, maps, or other materials prepared by the CONTRACTOR and all discoveries, inventions, or developments produced in whole or in part under this Contract shall be the property of the STATE.



STATE OF HAWAII

SPECIAL CONDITIONS

6. Software Development: Contractor hereby assigns to State or State's designee, for no additional consideration, all Contractor's rights, including copyrights, in all deliverables and other works prepared by the Contractor under this agreement. Contractor shall, and shall cause its employees and agents to, promptly sign and deliver any documents and take any actions that company reasonably requests to establish and perfect the rights assigned to State or its designee under this provision.

7. Federal Statutes and Regulations: As a condition of the Federal grant funding for this project, the State and Contractor are required to comply with the guidance in 2 Code of Federal Regulations (CFR) Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards," as modified and supplemented by the U.S. Department of Defense's (DoD) interim implementation (2 CFR Part 1103, "Interim Grants and Cooperative Agreements Implementation of Guidance in 2 CFR Part 200" (79 Federal Register 76047, December 19, 2014)), and OEA's Terms and Conditions. All applicable Federal statutes and regulations are posted on OEA's website at www.oea.gov.

Provisions of Chapter I, Subchapter C of Title 32, CFR, "DoD Grant and Agreement Regulations," other than parts 21, 22, 32, 33, and 37, continue to be in effect and apply as stated in those provisions.

8. DoD, OEA Certification Regarding Lobbying: By executing this contract, the Contractor certifies, to the best of his or her knowledge and belief, that no Federal appropriated funds have been paid or will be paid, by on behalf of the Contractor, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the Contractor shall submit Federal Standard Form LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.



STATE OF HAWAII

SPECIAL PROVISIONS

1. SCOPE

Provide the STATE with professional services to enable the STATE to better understand its commercial defense industry supply chain and defense dependencies, and to better facilitate public/private cooperative efforts to better adapt to the military's changing requirements.

NOTE: Upon execution of Contract No. OCS-OEA-17-02, Contract No. OCS-OEA-17-01 is terminated.

2. CONTRACT ADMINISTRATOR

For the purpose of this contract, **Bill Landers**, or designee, is designated Contract Administrator (CA). The telephone number at which he may be reached is (808) 586-8699.

3. TERM OF CONTRACT

The initial term of Contract shall run through June 30, 2017 commencing on November 22, 2016.

Unless terminated, the Contract may be extended without re-bidding, upon mutual agreement, in writing, between the STATE and the CONTRACTOR, subject to approval from the DoD OEA, prior to the expiration date, for not more than two (2) additional twelve (12) month periods, or parts thereof. Provided, however, the Contract price for the extended period shall remain the same or lower than the initial Contract price, subject to any price increase allowed by the Contract.

The CONTRACTOR or the STATE may terminate any extended Contract period at any time upon ninety (90) days prior written notice.

4. COMPETITIVE BIDDING

The CONTRACTOR shall be exempt from the requirements of 103D-301 through 103D-307 regarding Methods of Source Selection.

5. COMPETENCY OF CONTRACTOR

The purchasing agency reserves the right to visit the CONTRACTOR's place of business to inspect his facilities and equipment and to observe his methods of operation in order to facilitate evaluation of performance capabilities.

6. CERTIFICATION OF CONTRACTOR CONCERNING WAGES, HOURS AND WORKING CONDITIONS OF EMPLOYEES SUPPLYING SERVICES

The CONTRACTOR shall comply with section 103-55, Hawaii Revised Statutes, which provides as follows:

Wages, Hours, and Working Conditions of Employees of CONTRACTOR Supplying Services: CONTRACTOR shall certify that the services to be performed will be performed under the following conditions:

Wages: The services to be rendered shall be performed by employees paid at wages or salaries not less than the wages paid to public officers and employees for similar work.

Compliance with Labor Laws: All applicable laws of the federal and state governments relating to workers compensation, unemployment compensation, payment of wages, and safety will be fully complied with.

No contract to perform services for any governmental contracting agency in excess of \$25,000 shall be granted unless all the conditions of this section are met. Failure to comply with the conditions of this section during the period of the contract to perform services shall result in cancellation of the contract.

This section shall **not** apply to:

1. Managerial, supervisory, or clerical personnel;
2. Contracts for supplies, materials, or printing;
3. Contracts for utility services;
4. Contracts to perform personal services under paragraphs (2), (3), (12), and (15) of section 76-16, paragraphs (7), (8), and (9) of section 46-33, and paragraphs (7), (8), and (12) of section 76-77, Hawaii Revised Statutes, (HRS);
5. Contracts for professional services;
6. Contracts to operate refreshment concessions in public parks, or to provide food services to educational institutions;
7. Contracts with nonprofit institutions.

HRS Chapter 237 Tax Clearance Requirement for Award: Instructions are as follows:

Pursuant to Section 103D-328, HRS, the CONTRACTOR shall be required to submit a tax clearance certificate issued by the Hawaii State Department of Taxation (DOTAX) and the Internal Revenue Service (IRS). The certificate shall have an original green certified copy stamp and **shall be valid for six (6) months from the most recent approval stamp date on the certificate. It must be valid on the date it is received by the Office of Community Services (OCS) and the State Procurement Office (SPO).**

The tax clearance certificate shall be obtained on the State of Hawaii, DOTAX TAX CLEARANCE APPLICATION Form A-6 (Rev. 2003) which is available at the DOTAX and IRS offices in the State of Hawaii or the DOTAX website, and by mail or fax:

DOTAX website (Forms & Information): http://www.hawaii.gov/tax/a1_1alphalist.htm

DOTAX Forms by Fax/Mail: (808) 587-7572
1-800-222-7572

Completed tax clearance applications may be mailed, faxed, or submitted in person to the Department of Taxation, Taxpayer Services Branch, to the address listed on the application. Facsimile numbers are:

DOTAX:	(808) 587-1488
IRS:	(808) 539-1573

The application for the clearance is the responsibility of the CONTRACTOR, and must be submitted directly to the DOTAX or IRS and not to OCS. However, the tax clearance certificate shall be submitted to OCS.

HRS Chapters 383 (Unemployment Insurance), 386 (Workers' Compensation), 392 (Temporary Disability Insurance), and 393 (Prepaid Health Care) Requirements for Award: Instructions are as follows:

Pursuant to Section 103D-310(c), HRS, the CONTRACTOR shall be required to submit a certificate of compliance issued by the Hawaii State Department of Labor and Industrial Relations (DLIR). **The certificate is valid for six (6) months from the date of issue and must be valid on the date it is received by the SPO.** A photocopy of the certificate is acceptable to the SPO.

The certificate of compliance shall be obtained on the State of Hawaii, DLIR APPLICATION FOR CERTIFICATE OF COMPLIANCE WITH SECTION 3-122-112, HAR, Form LIR#27 which is available at <http://hawaii.gov/labor/forms> or at the neighbor island DLIR District Offices. The DLIR will return the form to the CONTRACTOR who in turn shall submit it to OCS.

The application for the certificate is the responsibility of the CONTRACTOR, and must be submitted directly to the DLIR and not to the OCS. However, the certificate shall be submitted to OCS.

Compliance with Section 103D-310(c), HRS, for an Entity Doing Business in the State: CONTRACTOR shall be required to submit a CERTIFICATE OF GOOD STANDING (Certificate) issued by the State of Hawaii Department of Commerce and Consumer Affairs, Business Registration Division (BREG). **The Certificate is valid for six (6) months from date of issue and must be valid on the date it is received by OCS.** A photocopy of the Certificate is acceptable to OCS.

To obtain the Certificate, CONTRACTOR must first be registered with the BREG. A sole proprietorship, however, is not required to register with the BREG, and therefore, not required to submit the Certificate.

On-line business registration and the Certificate are available at www.BusinessRegistrations.com. To register or to obtain the Certificate by phone, call (808) 586-2727 (M-F 7:45 to 4:30 HST). CONTRACTOR is advised that there are costs associated with registering and obtaining the Certificate.

Final Payment Requirements: CONTRACTOR is required to submit tax clearance certificate for final payment on the contract. A tax clearance certificate, not over two (2) months old, with

an original green certified copy stamp, must accompany the invoice for final payment on the contract.

In addition to the tax clearance certificate, an original "Certification of Compliance for Final Payment" (SPO Form-22) attached, will be required for final payment. A copy of the Form is also available at www.spo.hawaii.gov. Select "Forms for Vendors/Contractors" from the Procurement of Goods, Services, & Construction – Chapter 103D, HRS, menu.

Hawaii Compliance Express: Alternately, instead of separately applying for these certificates at the various state agencies, the CONTRACTOR may choose to use the Hawaii Compliance Express (HCE), which allows businesses to register only through a simple wizard interface at <http://vendors.ehawaii.gov> to require a "Certificate of Vendor Compliance." The HCE provides current compliance status as of the issuance date. The "Certificate of Vendor Compliance" indicating that vendor's status is compliant with the requirements of § 103D-310(c), HRS, shall be accepted for contracting and final payment purposes. If the CONTRACTOR elects to use the new HCE services it will be required to pay an annual fee of \$12 to the Hawaii Information Consortium, LLC (HIC). If CONTRACTOR chooses not to participate in the HCE program it will be required to provide the paper certificates as instructed in the sections previous to this one.

8. CAMPAIGN CONTRIBUTIONS BY STATE AND COUNTY CONTRACTORS

Unless otherwise specified in the solicitation, a legislative body has appropriated the funds for this Contract.

Therefore, the CONTRACTOR shall comply with Section 11-205.5, HRS, which states that campaign contributions are prohibited from a State and County government contractor during the term of the contract if the CONTRACTOR is paid with funds appropriated by a legislative body.

9. CONTRACT EXECUTION

The Contract shall be signed by the CONTRACTOR and returned within ten (10) days after receipt by the CONTRACTOR.

If the option(s) to extend for the twelve-month period is mutually agreed upon, CONTRACTOR shall be required to execute a Supplement to the Contract.

10. INSPECTION AND/OR AUDITS

All work done shall be subject to inspection and approval by the Contract Administrator, so as to ascertain that the services rendered are in accordance with requirements and intentions of the Contract.

11. INVOICING

The CONTRACTOR shall submit original invoice to the following address:

Department of Labor and Industrial Relations
Office of Community Services
830 Punchbowl Street, Room 420
Honolulu, Hawaii 96813

Invoice should reference the contract number. Payment shall be made to the CONTRACTOR upon certification by the STATE that the CONTRACTOR has satisfactorily performed to required work.

A tax clearance certificate, not over two (2) months old, with an original green certified copy stamp, must accompany the invoice for final payment on the contract. In addition to the tax clearance certificate, an original "Certification of Compliance for Final Payment" (SPO Form-22) attached, will be required for final payment. A copy of the form is also available at www.spo.hawaii.gov. Select "Forms for Vendors/Contractors" from the Procurement of Goods, Services, & Construction – Chapter 103D, HRS, menu. Alternately, a "Certificate of Vendor Compliance," issued through the Hawaii Compliance Express system, shall be acceptable for final payment requirements.

12. PAYMENT

The STATE shall have thirty (30) calendar days after receipt of an invoice or satisfactory completion of Contract to make payment.

13. REMOVAL OF CONTRACTOR'S EMPLOYEES

The CONTRACTOR agrees to remove any of its employees from services rendered and to be rendered to the STATE, upon request in writing by the Procurement Officer.

14. RE-EXECUTION ON WORK

The CONTRACTOR shall re-execute any work that fails to conform to the requirements of the Contract and shall immediately remedy any defects due to faulty workmanship by the CONTRACTOR. Should the CONTRACTOR fail to comply, the STATE reserves the right to engage the services of another company to perform the services and to deduct such costs from monies due to the CONTRACTOR.

15. CONTRACT INVALIDATION

If any provision of this contract is found to be invalid, such invalidation will not be construed to invalidate the entire contract.

16. NON-DISCRIMINATION

The CONTRACTOR shall comply with all applicable federal and State laws prohibiting discrimination against any person on the grounds of race, color, national origin, religion, creed, sex, age, sexual orientation, marital status, handicap, or arrest and court records in employment and any condition of employment with the CONTRACTOR or in participation in the benefits of any program or activity funded in whole or in part by the STATE.

17. CONFLICTS OF INTEREST

The CONTRACTOR represents that neither the CONTRACTOR, nor any sub-contractor, 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 of this contract.

To eliminate conflicts of interest, or the potential for conflicts, the CONTRACTOR providing strategic planning and/or consulting services for the development of government-owned lands, or any of its affiliated companies, as determined at the sole discretion of the STATE, shall not, during this contract, or any optional extensions thereof, contract with the STATE for any real estate services directly or indirectly resulting from the advice or recommendations provided as part of this Contract.

18. 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.

19. 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.

20. BREACH OF CONTRACT

It is noted that any violation of the provisions of the Contract, unless excused is a breach of the Contract and may be cause for termination.

21. GOVERNING LAW; COST OF LITIGATION

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 equity to enforce or interpret the provisions of this Contract shall be brought in a State Court or competent jurisdiction in Honolulu, Hawaii.

In case the STATE shall, without any fault on its part, be made a part 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.

22. CORRECTIONAL INDUSTRIES

Goods and services available through Correctional Industries (CI) programs may be the same or similar to those awarded by competitive sealed bids or proposals. Agencies participating in SPO requirements (price list) contracts may also procure directly from CI and shall not be considered in violation of the terms and conditions of any SPO contract.

23. ADDITIONS AND CLARIFICATIONS TO THE GENERAL PROVISIONS

Additions to the General Conditions:

- (a) *Confidentiality of Material.* 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.

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. The CONTRACTOR shall designate in writing to the Procurement Officer materials that are trade secrets or other proprietary data that the CONTRACTOR desires to remain confidential subject to § 3-122-58. The CONTRACTOR shall state in its written communication to the Procurement Officer, the reason(s) for designating the material as confidential, for example, trade secrets. The CONTRACTOR shall submit the material designated as confidential in such manner that the material is readily separable from the offer in order to facilitate inspection of the non-confidential portion of the offer.

If a request is made to inspect the confidential material, the inspection shall be subject to written determination by the Department of the Attorney General in accordance with Chapter 92F, HRS. If it is determined that the material designated as confidential is subject to disclosure, the material shall be open to public inspection, unless the CONTRACTOR protests under Chapter 3-126, HAR. If the request to inspect the confidential material is denied, the decision may be appealed to the Office of Information Practices in accordance with § 92F-15.5, HRS.

- (b) ***Nondiscrimination.*** No person performing work under this Contract, including any subcontractor, employee, or agency of the CONTRACTOR, shall engage in any discrimination that is prohibited by any applicable Federal, State, or County Law.
- (c) ***Records Retention.*** The CONTRACTOR and any subcontractors shall maintain the books and records that relate to the Contract and any cost or pricing data for three (3) years from the date of final payment under the Contract.
- (d) ***HIPAA Compliance.*** The CONTRACTOR shall ensure that all action by the CONTRACTOR and any subcontractors associated with the work performed under this Contract are compliant with HIPAA rules for access, authentications, storage and auditing, and transmittal of electronic Protected Health Information (e-PHI). Standards include HIPAA Version 5010 standards for electronic health transactions (effective January 1, 2012). The CONTRACTOR shall not be permitted to use or disclose health information for any reason other than the work performed under this Contract.
- (e) ***Federal Tax Information Compliance.*** The CONTRACTOR shall ensure that all actions by the CONTRACTOR and any subcontractors associated with the work performed under this Contract are compliant with IRS rules for access, authentications, storage and auditing, and transmittal of electronic Federal Tax Information (FTI). Standards include IRS Publication 1075 standards for Federal tax information protections. The CONTRACTOR shall not be permitted to use or disclose FTI for any reason other than the work performed under this Contract.

Clarifications to the General Provisions:

The CONTRACTOR shall be familiar with the provisions of 103D, Procurement Code of the State of Hawaii. Unless otherwise stated in the "Special Provisions," each provision of 103D shall be applicable to the Contract.

ATTACHMENT - S7

As applicable, this page is for attachment of the approved insurance policy request. .

The Certificate of Insurance shall contain the following:

1. Liability insurance of at least \$2,000,000 in the aggregate or such other amount requested in writing; General Liability shall be no less than \$1 million per occurrence and automobile insurance shall be no less than \$1 million per occurrence;
2. Additionally insuring the State of Hawaii Office of Community Services and the State of Hawaii, its respective officers, employees and agents for any liability arising out of or resulting from occurrences connected with the CONTRACTOR's performance under this Contract;
3. Statement that the insurance policy shall not be cancelled unless the insurance company has first given the STATE thirty (30) calendar days written notice of the intended cancellation;
4. Cover the entire period of this Contract (November 22, 2016 to June 30, 2017) unless a waiver has been granted; and
5. Contract identification number cited on the certificate.

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.

**U. S. DEPARTMENT OF DEFENSE
OFFICE OF ECONOMIC ADJUSTMENT
GENERAL ASSISTANCE AGREEMENT
TERMS AND CONDITIONS
April 2016**

This award is governed by the guidance in 2 Code of Federal Regulations (CFR) Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards," as modified and supplemented by the Department of Defense's (DoD) interim implementation found at 2 CFR Part 1103, "Interim Grants and Cooperative Agreements Implementation of Guidance in 2 CFR Part 200" (79 Federal Register 76047, December 19, 2014), all of which are incorporated herein by reference, and OEA's Terms and Conditions as stated in this award. All applicable Federal statutes and regulations are posted on OEA's website at www.oea.gov.

Provisions of Chapter I, Subchapter C of Title 32, CFR, "DoD Grant and Agreement Regulations," other than parts 21, 22, 32, 33, and 37, continue to be in effect and are incorporated herein by reference, with applicability as stated in those provisions.

ORDER OF PRECEDENCE

Any inconsistencies in the requirements of this award shall be resolved in the following order:

- A. Federal statutes
- B. Federal regulations
- C. 2 CFR part 200, as modified and supplemented by DoD's interim implementation found in 2 CFR part 1103
- D. Award-specific terms and conditions

In case of disagreement with any requirements of this award, the recipient shall contact the grants officer in order to resolve the issue. The recipient shall not assess any costs to the award or accept any payments until the issue is resolved.

ARTICLES

- A. Grant Payments**
- B. Personnel**
- C. Prior Written Approval**
- D. Overpayments**
- E. Grantee Contributions**
- F. Reimbursement for Travel**
- G. Use of Consultants/Contractors**
- H. Contractor Deliverables**
- I. Post-Award Monitoring**
- J. Prohibited Activities**
- K. Audits**
- L. Reporting Requirements for Subaward and Executive Compensation**
- M. Recipient Integrity and Performance Matters**
- N. Requirement to Post an Abstract**

- O. Prohibition on Using FY 15 Funds under Grants with Entities that Require Certain Internal Confidentiality Agreements**
- P. Compliance**

A. Grant Payments

- (1) All payments shall be made by funds transfers to the bank account registered in System for Award Management (SAM) at <https://www.sam.gov/portal/SAM/>. The Grantee agrees to maintain its registration in SAM including information necessary to facilitate payment via Electronic Funds Transfer (EFT). Should a change in registry or other incident necessitate the payment to an account other than that maintained in SAM, it is the Grantee's responsibility to notify the Federal Agency Points-of Contact identified in Block #19 of the Notice of Award, and obtain a modification to this Grant reflecting the change. The Government shall not be held responsible for any misdirection or loss of payment which occurs as the result of a Grantee's failure to maintain correct/current EFT information within its SAM registration.
- (2) There are two Standard Forms for payment according to the type of grant awarded. These forms are available on the web at:
https://www.whitehouse.gov/omb/grants_forms.
The forms are in Adobe Acrobat Pro format and are "fillable". This will allow you to type into the form and as data is entered, the form will autofill and calculate sums.

For Non-Construction Grantees:

Grantees with non-construction grants should complete and sign Standard Form (SF) 270, "Request for Advance or Reimbursement". The instructions for this form are on the 2nd page of the .pdf file. Upon completion the please print, and sign the form. The signed form should be scanned and saved as a .pdf file.

For Construction Grantees:

Grantees with construction grants should complete Standard Form (SF) 271, "Outlay Report and Request for Reimbursement for Construction Programs". The instructions for this form are on the 2nd page of the .pdf file. Upon completion the please print, and sign the form. The signed form should be scanned and saved as a .pdf file.

Submission:

Once the correct form is completed, signed, and scanned as a .pdf, the Grantee should attach it to an email and submit it via email to:
osd.ncr.odam.mbx.oea-payments@mail.mil

Inquiries:

After submission, all inquiries into the status of a grant payment should be directed to the OEA Project Manager. Generally grantees are paid within 10 business days after submission to Defense Finance and Accounting Service (DFAS). We recommend you allow 10 business days after submission of a payment before following up with your Project Manager.

B. Personnel

The Grantor must approve or disapprove the selection of key personnel as identified in the application and/or this Agreement. Any new hires or changes in key personnel require prior written approval from the Grantor. Resumes, in sufficient detail to reveal the experience, education, and other general and specific qualifications for the position, must be submitted to the Grantor for its consent prior to approval of a candidate.

C. Prior Written Approval

Any changes in the project/program described in the application to include those identified below require prior written approval from OEA in the form of an amendment request:

- (1) Changes in the specific activities described in the application.
- (2) Changes in key personnel as specified in the application and/or this agreement.
- (3) Changes in the scope of work contained in any solicitation and/or request for proposals.
- (4) Need for additional Federal funds or changes in the non-Federal match.
- (5) Budget reallocations that exceed 10 percent of the total budget among approved direct cost categories or are transferred to new budget line items.
- (6) Changes in indirect cost rates or recertification of expired indirect cost rates during the project period unless otherwise specified in this grant agreement.
- (7) Requests to purchase equipment (including software) with an estimated acquisition cost of more than \$5,000.
- (8) Requests to use Federal and/or non-Federal match funds for food and/or beverages in conjunction with meeting costs.

D. Overpayments

- (1) Any Grant funds advanced or paid and not needed for approved grant purposes shall be reported immediately to the Grantor. Grantees are to submit payments, including refunds or reimbursements, directly to the Grantor's Fiscal Agent, the Defense Finance and Accounting Service (DFAS) Cleveland through one of the following methods:

- (a) Via ACH with the following information:

(b)(6)

- (b) Via Wire with the following information:

Bank Name: US Treasury

City: New York, NY

Country: USA

(b)(6)

- (2) The Grantor will not accept any paper checks or returned funds directly.

E. Grantee Contributions

Contributions to this project by non-Grantor sources are expected to be paid out at the same general rate as Grant funds.

F. Reimbursement for Travel

Reimbursement for travel (transportation, food, and lodging) in the performance of Grant activities shall be consistent with those normally allowed in like circumstances in the non-Federally sponsored activities of the Grantee. Grantees may follow their own established rate but any travel allowance policies in excess of Federal limits must receive prior approval from the Grantor.

G. Use of Consultants/Contractors

- (1) The scope of work contained in any solicitation and/or request for proposals must be reviewed and approved by OEA prior to issuance.
- (2) Procurement of consultant or contractor services shall be in accordance with all standards and procedures set forth in 2 CFR Part 200. The following terms are intended merely to highlight some of these standards and are, therefore, not inclusive.
- (3) All procurement transactions, regardless of whether negotiated or advertised and without regard to dollar value, shall be conducted in a manner that provides maximum open and free competition.
- (4) Formal advertising, with adequate purchase description, sealed bids, and public openings, shall not be required for small purchase procurements that are less

than the simplified acquisition threshold, currently set by the Federal Acquisition Regulation at 48 CFR Subpart 2.1 in accordance with 41 U.S.C. 1908 as \$150,000 unless otherwise required by State or local law or regulation. If small purchase procedures are used, price or rate quotations shall be obtained. Micro-purchases of supplies or services, the aggregate amount of which does not exceed the micro-purchase threshold currently set by the Federal Acquisition Regulation at \$3,000 may be used in order to expedite the completion of lowest-dollar small purchase transactions.

- (5) The Grantee shall maintain a code or standards of conduct which shall govern the performance of its officers, employees, or agents in contracting with and expending Federal Grant funds. Grantee's officers, employees, or agents shall neither solicit nor accept gratuities, favors, or anything of monetary value from a contractor or potential contractors. To the extent permissible by State or local law, rules, or regulations, such standards shall provide for penalties, sanctions, or other disciplinary actions to be applied for violations of such standards by the Grantee's officers, employees, or agents, or by contractors.
- (5) The Grantee shall ensure that every consultant and every contractor it employs under the Grant complies with the terms of this Agreement as though the consultant or contractor were a party to this Agreement.
- (6) The Grantee is the responsible authority, without recourse to the Grantor, regarding the settlement and satisfaction of all contractual and administrative issues arising out of procurements entered into in support of the Grant.

H. Contractor Deliverables

- (1) A disclaimer statement will appear on the title page of any study prepared under this Grant. It will read:

“This study was prepared under contract with the , (The Grantee should insert its legal name into this space), with financial support from the Office of Economic Adjustment, Department of Defense. The content reflects the views of the (The Grantee should insert its legal name into this space) and does not necessarily reflect the views of the Office of Economic Adjustment.”
- (2) The contractor identification will appear on the title page of the study funded by this grant.
- (3) Any final study shall be submitted electronically. The document will be dated the month and year that it is submitted to the Grantor.

I. Post-Award Monitoring

- (1) Grantee Reporting

- (a) The Grantee shall provide interim performance reports and a final performance report. The performance reports will contain information on the following:
 - a. A comparison of actual accomplishments to the objectives established for the period.
 - b. The reasons for slippage if established objectives were not met.
 - c. Additional pertinent information when appropriate.
 - d. An accounting, by the budget line items approved for this project, of expenses incurred during the reporting period, including the amount of Grant funds on hand at the beginning and end, and non-Grantor share of contributions over the term.
 - e. The final performance report must contain a summary of activities for the entire Grant period. All required deliverables should be submitted with the final performance report.
- (b) The final SF 425, "Federal Financial Report," shall be submitted to the Grantor within 90 days after the end date of the Grant. Any Grant funds actually advanced and not needed for Grant purposes shall be reported immediately to the Grantor and returned to the Grantor's Fiscal Agent in accordance with the guidance provided in Section V.E. of this Agreement.
- (c) The enclosed "Schedule of Reports" provides reporting periods and dates due for this award.
- b. The Grantor reserves the right to conduct on-site reviews and/or off-site desk reviews to confirm compliance with programmatic and administrative terms and conditions.

J. Prohibited Activities

- (1) **Duplication of Work:** The purpose and scope of work for which this Agreement is made shall not duplicate programs for which moneys have been received, are committed, or are applied for from other sources, public or private. Upon request of the Grantor, the Grantee shall submit full information about related programs that will be initiated within the Grant period.

- (2) Other Funding Sources: Grantor's funds budgeted or granted for this program shall not be used to replace any financial support previously provided or assured from any other source.
- (3) The Grantee is prohibited from using funds provided from this Grant or personnel employed in the administration of this program for political activities, sectarian or religious activities, lobbying, political patronage, or nepotism activities.
- (4) Grant funds may not be used for marketing or entertainment expenses.
- (5) Grant funds may not be used for capital assets, such as the purchase of vehicles, improvements and renovation of space, and repair and maintenance of privately owned vehicles.

K. Audits

- (1) The Grantee agrees to comply with audit requirements as specified in 2 CFR Part 200, Subpart F.
- (2) The Grantee shall provide any audit with findings related to this award, with copies of the reporting package (including corrective action plans), management letters issued by an auditor, and audit working papers, to the Grantor.
- (3) The Grantor will seek to issue a management decision to the Grantee within six months of receipt of an audit report with findings, and the Grantee shall take timely and corrective action to comply with the management decision.
- (4) The Grantor reserves the right to conduct an independent follow-up audit.

L. Reporting Subawards and Executive Compensation

I. Reporting Subawards and Executive Compensation.

a. Reporting of first-tier subawards.

1. Applicability. Unless you are exempt as provided in paragraph d. of this award term, you must report each action that obligates \$25,000 or more in Federal funds that does not include Recovery funds (as defined in section 1512(a)(2) of the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5) for a subaward to an entity (see definitions in paragraph e. of this award term).

2. Where and when to report.

i. You must report each obligating action described in paragraph a.1. of this award term to <http://www.fsrs.gov>.

ii. For subaward information, report no later than the end of the month following the month in which the obligation was made. (For example, if the obligation was made on November 7, 2010, the obligation must be reported by no later than December 31, 2010.)

3. What to report. You must report the information about each obligating action that the submission instructions posted at <http://www.fsrs.gov> specify.

b. Reporting Total Compensation of Recipient Executives.

1. Applicability and what to report. You must report total compensation for each of your five most highly compensated executives for the preceding completed fiscal year, if—

i. the total Federal funding authorized to date under this award is \$25,000 or more;

ii. in the preceding fiscal year, you received—

(A) 80 percent or more of your annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance subject to the Transparency Act, as defined at 2 CFR 170.320 (and subawards); and

(B) \$25,000,000 or more in annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance subject to the Transparency Act, as defined at 2 CFR 170.320 (and subawards); and

iii. The public does not have access to information about the compensation of the executives through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986. (To determine if the public has access to the compensation information, see the U.S. Security and Exchange Commission total compensation filings at <http://www.sec.gov/answers/execomp.htm>.)

2. Where and when to report. You must report executive total compensation described in paragraph b.1. of this award term:

i. As part of your registration profile at <https://www.sam.gov>.

ii. By the end of the month following the month in which this award is made, and annually thereafter.

c. Reporting of Total Compensation of Subrecipient Executives.

1. Applicability and what to report. Unless you are exempt as provided in paragraph d. of this award term, for each first-tier subrecipient under this award, you shall report the

names and total compensation of each of the subrecipient's five most highly compensated executives for the subrecipient's preceding completed fiscal year, if---

i. in the subrecipient's preceding fiscal year, the subrecipient received---

(A) 80 percent or more of its annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance subject to the Transparency Act, as defined at 2 CFR 170.320 (and subawards); and

(B) \$25,000,000 or more in annual gross revenues from Federal procurement contracts (and subcontracts), and Federal financial assistance subject to the Transparency Act (and subawards); and

ii. The public does not have access to information about the compensation of the executives through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986. (To determine if the public has access to the compensation information, see the U.S. Security and Exchange Commission total compensation filings at <http://www.sec.gov/answers/excomp.htm>.)

2. Where and when to report. You must report subrecipient executive total compensation described in paragraph c.1. of this award term:

i. To the recipient.

ii. By the end of the month following the month during which you make the subaward. For example, if a subaward is obligated on any date during the month of October of a given year (i.e., between October 1 and 31), you must report any required compensation information of the subrecipient by November 30 of that year.

d. Exemptions

If, in the previous tax year, you had gross income, from all sources, under \$300,000, you are exempt from the requirements to report:

i. Subawards, and

ii. The total compensation of the five most highly compensated executives of any subrecipient.

e. Definitions. For purposes of this award term:

1. Entity means all of the following, as defined in 2 CFR part 25:

- i. A Governmental organization, which is a State, local government, or Indian tribe;
- ii. A foreign public entity;

- iii. A domestic or foreign nonprofit organization;
- iv. A domestic or foreign for-profit organization;
- v. A Federal agency, but only as a subrecipient under an award or subaward to a non-Federal entity.

2. Executive means officers, managing partners, or any other employees in management positions.

3. Subaward:

i. This term means a legal instrument to provide support for the performance of any portion of the substantive project or program for which you received this award and that you as the recipient award to an eligible subrecipient.

ii. The term does not include your procurement of property and services needed to carry out the project or program (for further explanation, see Sec. __.210 of the attachment to OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations").

iii. A subaward may be provided through any legal agreement, including an agreement that you or a subrecipient considers a contract.

4. Subrecipient means an entity that:

- i. Receives a subaward from you (the recipient) under this award; and
- ii. Is accountable to you for the use of the Federal funds provided by the subaward.

5. Total compensation means the cash and noncash dollar value earned by the executive during the recipient's or subrecipient's preceding fiscal year and includes the following (for more information see 17 CFR 229.402(c)(2)):

i. Salary and bonus.

ii. Awards of stock, stock options, and stock appreciation rights. Use the dollar amount recognized for financial statement reporting purposes with respect to the fiscal year in accordance with the Statement of Financial Accounting Standards No. 123 (Revised 2004) (FAS 123R), Shared Based Payments.

iii. Earnings for services under non-equity incentive plans. This does not include group life, health, hospitalization or medical reimbursement plans that do not discriminate in favor of executives, and are available generally to all salaried employees.

iv. Change in pension value. This is the change in present value of defined benefit and actuarial pension plans.

v. Above-market earnings on deferred compensation which is not tax-qualified.

vi. Other compensation, if the aggregate value of all such other compensation (e.g. severance, termination payments, value of life insurance paid on behalf of the employee, perquisites or property) for the executive exceeds \$10,000.

M. Recipient Integrity and Performance Matters

A. REPORTING OF MATTERS RELATED TO RECIPIENT INTEGRITY AND PERFORMANCE

1. General Reporting Requirement

If the total value of your currently active grants, cooperative agreements, and procurement contracts from all Federal awarding agencies exceeds \$10,000,000 for any period of time during the period of performance of this Federal award, then you as the recipient during that period of time must maintain the currency of information reported to the System for Award Management (SAM) that is made available in the designated integrity and performance system (currently the Federal Awardee Performance and Integrity Information System (FAPIIS)) about civil, criminal, or administrative proceedings described in paragraph 2 of this award term and condition. This is a statutory requirement under section 872 of Public Law 110-417, as amended (41 U.S.C. 2313). As required by section 3010 of Public Law 111-212, all information posted in the designated integrity and performance system on or after April 15, 2011, except past performance reviews required for Federal procurement contracts, will be publicly available.

2. Proceedings About Which You Must Report

Submit the information required about each proceeding that:

a. Is in connection with the award or performance of a grant, cooperative agreement, or procurement contract from the Federal Government;

b. Reached its final disposition during the most recent five year period; and

c. Is one of the following:

(1) A criminal proceeding that resulted in a conviction, as defined in paragraph 5 of this award term and condition;

(2) A civil proceeding that resulted in a finding of fault and liability and payment of a monetary fine, penalty, reimbursement, restitution, or damages of \$5,000 or more;

(3) An administrative proceeding, as defined in paragraph 5. of this award term and condition, that resulted in a finding of fault and liability and your payment of either a monetary fine or penalty of \$5,000 or more or reimbursement, restitution, or damages in excess of \$100,000; or

(4) Any other criminal, civil, or administrative proceeding if:

(i) It could have led to an outcome described in paragraph 2.c.(1), (2), or (3) of this award term and condition;

(ii) It had a different disposition arrived at by consent or compromise with an acknowledgment of fault on your part; and

(iii) The requirement in this award term and condition to disclose information about the proceeding does not conflict with applicable laws and regulations.

3. Reporting Procedures

Enter in the SAM Entity Management area the information that SAM requires about each proceeding described in paragraph 2 of this award term and condition. You do not need to submit the information a second time under assistance awards that you received if you already provided the information through SAM because you were required to do so under Federal procurement contracts that you were awarded.

4. Reporting Frequency

During any period of time when you are subject to the requirement in paragraph 1 of this award term and condition, you must report proceedings information through SAM for the most recent five year period, either to report new information about any proceeding(s) that you have not reported previously or affirm that there is no new information to report. Recipients that have Federal contract, grant, and cooperative agreement awards with a cumulative total value greater than \$10,000,000 must disclose semiannually any information about the criminal, civil, and administrative proceedings.

5. Definitions

For purposes of this award term and condition:

a. Administrative proceeding means a non-judicial process that is adjudicatory in nature in order to make a determination of fault or liability (e.g., Securities and Exchange Commission Administrative proceedings, Civilian Board of Contract Appeals proceedings, and Armed Services Board of Contract Appeals proceedings). This includes proceedings at the Federal and State level but only in connection with performance of a Federal contract or grant. It does not include audits, site visits, corrective plans, or inspection of deliverables.

b. Conviction, for purposes of this award term and condition, means a judgment or conviction of a criminal offense by any court of competent jurisdiction, whether entered upon a verdict or a plea, and includes a conviction entered upon a plea of nolo contendere.

c. Total value of currently active grants, cooperative agreements, and procurement contracts includes---

- (1) Only the Federal share of the funding under any Federal award with a recipient cost share or match; and
- (2) The value of all expected funding increments under a Federal award and options, even if not yet exercised.

N. Requirement to Post an Abstract

Pursuant to the requirements of Section 8123 of the Department of Defense Appropriations Act, 2015, the Grantee is hereby informed that the Office of Economic Adjustment is required to post a publicly releasable abstract statement that describes the project or program supported by this Grant, in terms that the public can understand, to a Department of Defense website. By signing this award agreement, the Grantee accepts this requirement and confirms OEA may publicly release and post an abstract obtained from the Grantee's grant application to a Department of Defense website.

O. Prohibition on Using FY 15 Funds under Grants with Entities that Require Certain Internal Confidentiality Agreements

- (a) The recipient shall not require employees, contractors or subrecipients seeking to report fraud, waste, or abuse to sign or comply with internal confidentiality agreements or statements prohibiting or otherwise restricting such employees or contractors from lawfully reporting such waste, fraud, or abuse to a designated investigative or law enforcement representative of a Federal department or agency authorized to receive such information.
- (b) The recipient must notify its employees, contractors, or subrecipients that the prohibitions and restrictions of any internal confidentiality agreements inconsistent with paragraph (a) of this award provision are no longer in effect.
- (c) The prohibition in paragraph (a) of this award provision does not contravene requirements applicable to Standard Form 312, Form 4414, or any other form issued by a Federal department of agency governing the nondisclosure of classified information.
- (d) If the Government determines that the recipient is not in compliance with this award provision, it:
 - (1) Will prohibit the recipient's use of any FY 2015 funds under this award, in accordance with section 743 of Division E, Title VIII of the Consolidated and Further Continuing Resolution Appropriations Act, 2015, (Pub. L. 113-235); and
 - (2) May pursue other remedies available for the recipient's material failure to comply with award terms and conditions

P. Compliance

OEA may suspend or terminate this Agreement in whole, or in part, if the Grantee materially fails to comply with any term or condition of this Agreement. The Grantee shall not incur new obligations for the terminated portions after receiving notice of the termination, and shall cancel as many outstanding obligations as possible. Additional enforcement remedies for non-compliance and termination provisions, in 2 CFR Part 200 apply to this award. The decision of the Grantor in interpreting the Terms and Conditions of this Agreement shall be final.



Performance Report - State of Hawaii (DIA)

Organization: State of Hawaii	Program Type: Defense Industry Adjustment	Project Type: State Grants
GMS: Catherine Tiffner	PM: Sigmund Csicsery	Project Number : ST1603
Grant Number: ST1603-16-01	FAIN: HQ00051610178	Report Code: Quarterly
Authorizing Official: (b)(6)	Grant Start - End Date: 07/01/2016 - 06/30/2017	Delegated Authority: (b)(6)
Approved Amount: \$849,176.00	Total Paid: \$0.00	Balance Remaining: \$849,176.00

Activity Details

Reporting Period:	2	Date Due:	01/31/2017
Reporting Period Covered From:	10/01/2016	Reporting Period Covered To:	12/31/2016
Report Type:	Quarterly		

Objectives and Accomplishments

Compare actual accomplishments to the objectives established for the period.

- 1) Complete procurement and contracting for consultant/contractor to provide services for research and analysis, information technology, communications/outreach, and IT/ASP web services. An RFP was posted 2 September (please reference last report), with a proposal deadline of 3 October. The evaluation committee selected the SMS Team as the winning proposal on 11 October and the announcement was made on the procurement website on 13 October. A contract was executed with SMS for a start date of 22 November. Please see Additional Information tab.
- 2) Fill the Program Specialist position, the second position funded with the OEA grant funds. An offer was made to (b)(6) on 6 December and he began work on 19 December.
- 3) Begin design and development of the prototype website/tools. The SMS Team began design and development following the State's approval of their Integrated Project Plan on 30 November.

Provide reasons for slippage if established objectives were not met.

- 1) It was the State's intent to start the contractor on 1 November but this did not occur until 22 November. The State's was concerned that the contractor's technical approach was vague, so additional time was spent working a more detailed SOW for inclusion in the contract. In addition, the contractor's first deliverable was an Integrated Project Plan due 30 November. The late start is not expected to impact the overall project schedule at this time.

Project Expenses

Project Expenses

Provide an accounting of actual and projected quarterly expenditures by the budget line items approved in the grant. The amount of Federal cash on hand at the beginning and end of the reporting period must also be provided.

This Period Cumulative

a. Federal share of expenditures \$149,429.00 \$164,151.00

Non-Federal share of expenditures \$5,736.00 \$7928.00

b. Reimbursements requested \$14,722.00

Reimbursements received to date \$14,722.00

Reimbursements due \$0.00

c. Cash Receipts \$0.00 \$0.00

Cash Disbursements \$0.00 \$0.00

Cash on Hand \$0.00

Category	Approved - Federal	Approved - Nonfederal	Spent - Federal	Spent - Non-Federal	Cumulative Federal	Cumulative Non-Federal
Personnel	\$140,000.00	\$44,750.00	\$22,090.00	\$3,836.00	\$31,935.00	\$5,301.60
Fringe Benefits	\$69,356.00	\$22,169.15	\$10,944.00	\$1,899.75	\$15,821.00	\$2,625.81
Travel	\$4,900.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Equipment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Supplies	\$2,400.00	\$6,400.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Costs	\$0.00	\$12,000.00	\$0.00	\$0.00	\$0.00	\$0.00
Contractual	\$547,200.00	\$0.00	\$116,395.00	\$0.00	\$116,395.00	\$0.00
Indirect Costs	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Grand Total	\$763,856.00	\$85,319.15	\$149,429.00	\$5,735.75	\$164,151.00	\$7,927.41

Additional Information

Provide additional pertinent information as appropriate.

1) Procurement.

Proposals were due by 3 October and proposals were received from:

- Battra
- CHMURA
- Matrix Design Group
- SMS
- WHALE Environmental Services

The Evaluation Committee, consisting of five people, met on 4 October. The committee was briefed on the evaluation process by the Evaluation Committee chair (b)(6) also the State's Program Manager for this project (briefing slides attached). Copies of the proposals were distributed and the evaluation scoresheet (attached) was explained. The evaluation criteria (attached) gave a heavy weighting to both Total Cost of Ownership (sustainment) and knowledge of the State's DoD contractor community. The evaluation criteria was included in the RFP (please reference RFP attachment in the last report).

The Evaluation Team had one week to read and score the proposals. During this week, (b)(6) followed up with the references provided in the proposals and reported the findings to the Evaluation Team. The Evaluation Committee reconvened on 11 October (meeting slides attached) to review the scores (please see slide 2 of the attached meeting slides) and learn the aggregate results of the

team scoring.
Summary: The RFP identified the maximum amount available for contractor services as \$547,200 and all five proposals bid at or near that amount. The WHALE proposal scored lowest overall. Battara proposed using a proprietary software application (developed by RAAD360) even though the proposal stated the State would own and operate the tools developed. Battara proposed a five year Total Cost of Ownership (TCO) of \$200,000. CHMURA proposed a five year TCO of \$250,000 (without Zonyx). The five year TCOs proposed by Matrix (\$7,200) and SMS (\$3,621.48) were low, but SMS was lowest. Matrix Design had a clearer technical approach, but the SMS Team had a stronger connection with the local DoD contracting community.

2) Contract.

Copy of contract is attached.

3) Terms and Conditions

DLIR/OCS has read the General Assistance Agreement Terms and Conditions, National Policy Requirements, and Grant Program-Specific Terms and Conditions and continues to comply with these conditions as applicable. These Terms and Conditions have been passed on to the consultant contractor as part of their contract.

4) FSRs

An attempt was made to complete an FSRs report for this grant but the FSRs site did not recognize the grant's Federal Award Identification Number (FAIN). This was reported to OEA and we were asked to wait until further notice from OEA before trying to input our data.

Additional File Attachments

#	File Name	Size	Date
1.	<u>103D Evaluation Member Qualification.doc</u>	63 KB	01/17/2017 20:40
2.	<u>EVAL kickoff 100416.pptx</u>	1059 KB	01/17/2017 20:34
3.	<u>Eval wrapup 101116.pptx</u>	71 KB	01/17/2017 20:39
4.	<u>Evaluation Criteria.docx</u>	14 KB	01/17/2017 20:36
5.	<u>Evaluation Scoresheet form final no underline.docx</u>	24 KB	01/17/2017 20:38
6.	<u>OCS-OEA-17-02.pdf</u>	16479 KB	01/23/2017 21:17