GENERAL CONDITIONS
GOVERNING CONTRACTS WITH THE JUDICIARY,
STATE OF HAWAI'I FOR GOODS AND SERVICES
February 2001

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GENERAL CONDITIONS
GOVERNING AGREEMENTS WITH THE JUDICIARY,
STATE OF HAWAI'I, FOR GOODS AND SERVICES

1. Administration of Contract by "the Judiciary." The Administrative Director of the Courts or designee (hereinafter "Judiciary") shall coordinate all services to be performed under the contract, and decide all questions which may arise as to: performance of this contract; interpretation of any term, condition, or provision of the contract; applicability and interpretation of any law or rule that may affect performance under the contract; and compensation. Any questions regarding performance of the contract shall be directed to the Judiciary for resolution.

2. Relationship of Parties; Independent Contractor Status and Responsibilities, Including Tax Responsibilities.

2.1 In the performance of services required under this contract, 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, Judiciary shall have a general right to inspect work and services in progress to determine whether, in Judiciary's opinion, the work and services are being performed by Contractor in compliance with this contract. Unless otherwise provided by special provision, it is understood that Judiciary does not agree to use Contractor exclusively, and that Contractor is free to contract its services to other individuals or entities while under contract with Judiciary.

2.2 Contractor and Contractor's employees and agents are not by reason of this contract, agents or employees of Judiciary for any purpose, and neither Contractor nor Contractor's employees and agents shall be entitled to claim or receive from Judiciary any vacation, sick leave, retirement, workers' compensation, unemployment insurance, or other benefits provided to Judiciary employees.

2.3 Contractor shall be responsible for the accuracy, completeness, and adequacy of its performance under this contract. Contractor intentionally, voluntarily, and knowingly assumes the sole and entire liability to Contractor's employees and agents, and to any individual not a party to this contract, for all loss, damage, or injury caused by Contractor, or Contractor's employees or agents in the course of their employment or agency.

2.4 Contractor shall pay all applicable federal, state, and county taxes and fees which may become due and owing by Contractor by reason of this contract, including but not limited to (i) income taxes, (ii) employment-related fees, assessments, and taxes, (iii) general excise taxes and (iv) use taxes.

2.5 Contractor shall obtain and keep in force all licenses, permits, and certificates required by reason of this contract.

2.6 If required by chapter 237, Hawai'i Revised Statutes (HRS), Contractor shall obtain a general excise tax license from the Department of Taxation, State of Hawai'i, and shall comply with all requirements thereof. Pursuant to section 103D-328, HRS, no contracts of $25,000 or more shall be binding or effective until Contractor secures and Judiciary receives a tax clearance from the Director of Taxation, State of Hawai'i, and the Internal Revenue Service, showing that all tax returns due have been filed, and all taxes, interest, and penalties levied against Contractor or accrued under the tax laws of the State of Hawai'i and the Internal Revenue Code have been paid. Contractor shall also be solely responsible for meeting all requirements necessary to obtain the tax clearance certificate required for final payment under section 103D-328, HRS, and paragraph 25.3 of these General Conditions.

2.7 Contractor shall secure and retain all employee-related insurance coverage for Contractor and Contractor's employees and agents that is required by law.

3. Personnel Requirements.

3.1 Contractor shall secure, at Contractor's expense, all personnel required to perform the services required by this contract.

3.2 Contractor shall ensure that Contractor's employees or agents are experienced and fully qualified to engage in the activities and services required under this contract. Contractor and Contractor's employees or agents shall comply with all applicable licensing and operating requirements required by federal, state, or county law, and shall meet accreditation and other generally accepted standards of quality in the applicable field of activity.

4. Nondiscrimination. Persons performing work under this contract, including Contractor's employees, agents, or subcontractors, shall not violate any federal, state, or county anti-discrimination law, including but not limited to:

(a) Chapter 378, HRS (prohibits employment discrimination based on race, sex, sexual orientation, age, religion, color, ancestry, disability, marital status, or arrest and court record);

(b) Title VII of the Civil Rights Act of 1964 (Title VII) (prohibits employment discrimination based on race, color, religion, sex, or national origin);

(c) The Equal Pay Act of 1963 (EPA) (protects men and women who perform substantially equal work in the same establishment from sex-based wage discrimination);

(d) The Age Discrimination in Employment Act of 1967 (ADEA) (protects individuals who are 40 years of age or older); and

(e) Title I of the Americans with Disabilities Act of 1990 (ADA) (prohibits employment discrimination against qualified individuals with disabilities in the private and public sectors).

5. Subcontracts, Assignments, and Successors in Interest. Contractor shall not assign or subcontract any of Contractor's duties, obligations, or interests under this Agreement without Judiciary's prior written consent. No assignment shall be effective for procurements of $25,000 or more unless Contractor's assignee submits to Judiciary bulk sales certificate, if required by section 273-43, HRS, or if a bulk sales certificate is not required, a tax clearance certificate from the Director of Taxation, State of Hawai'i, and the Internal Revenue Service, showing that all tax returns due have been filed, and all taxes, interest, and penalties levied against Contractor's assignee or accrued under the tax laws of the State of Hawai'i and the Internal Revenue Code have been paid. No assignment by Contractor of its right to compensation under this contract shall be effective unless and until the assignment is approved by Judiciary.

When in the best interest of Judiciary, a successor in interest may be recognized in an assignment agreement in which Judiciary, Contractor and the assignee or transferee (hereinafter referred to as the "Assignee") agree that:

(a) The Assignee assumes all of Contractor's obligations;

(b) Contractor remains liable for all obligations under this contract and waives all rights under this contract against Judiciary upon the effective date of the assignment; and

(c) Contractor continues to furnish, and the Assignee also furnishes, all required bonds.

6. Conflicts of Interest. Contractor represents that neither Contractor, nor any employee, agent, or immediate family member of Contractor, presently has any direct or indirect "financial" or "controlling interest," as those terms are defined in section 84-3, HRS, that would or might violate the provisions of section 84-15, HRS with respect to Contractor's performance under this contract. Furthermore, no such interest shall be acquired while Contractor is a party to this contract.

7. Contract Modifications.

7.1 In writing. No modification, alteration, amendment, change, or extension of any term, provision, or condition of this contract shall be made without written amendment to this contract, signed by both Contractor and Judiciary.

7.2 Change of name. If Contractor desires to change the name in which it holds this contract with Judiciary, Judiciary, upon receipt of an acceptable document indicating the change of name (for example, a certified file-marked copy of an amendment to Contractor's articles of incorporation), may enter into an amendment to this contract with Contractor to effect this 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 and that the bond, if any, will remain in effect under the changed name. Further, such amendment must be approved by the surety company that issued the bond.

7.3 Adjustments of price or time for performance. If agreed-upon modifications to the contract increase or decrease Contractor's cost of, or the time required for, performance of any of the work under this contract, an adjustment shall be made and the contract shall be modified in writing to reflect that adjustment. 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 (see paragraph 8 below) or as negotiated between Judiciary and Contractor.

7.4 Claim barred after final payment. No claim by Contractor for an adjustment under the contract shall be considered unless a written agreement of modification was made prior to final payment under this contract.

7.5 Tax clearance. If modification, alteration, amendment, or change causes the contract price to exceed $25,000, Judiciary may, at its discretion, require Contractor to submit, at the time it requests 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 Hawai'i, and the Internal Revenue Service, showing that all tax returns due have been filed, and all taxes, interest, and penalties levied against Contractor or accrued under the tax laws of the State of Hawai'i and the Internal Revenue Code have been paid.

8. Price Adjustment.

8.1 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:

(a) By agreement on a fixed price adjustment before commencement of the pertinent performance or as soon thereafter as practicable;

(b) By unit prices specified in this contract or subsequently agreed upon;

(c) By the costs attributable to the event or situation covered by the provision, plus appropriate profit or fee, all as specified in this contract or subsequently agreed upon;

(d) In such other manner as the parties may mutually agree; or in the absence of agreement between the parties, by a unilateral determination by Judiciary of the costs attributable to the event or situation covered by the provision, plus appropriate profit or fee, all as computed by Judiciary in accordance with generally accepted accounting principles and applicable sections of chapters 3-123 and 3-126, Hawai'i Administrative Rules (HAR).

8.2. Submission of cost or pricing data. Contractor shall provide cost or pricing data for any price adjustments subject to the provisions of subchapter 15, chapter 3-122, HAR.

9. Suspension of Contract.

9.1 Notice of suspension. Judiciary reserves the right at any time and for any reason to suspend all or part of this contract, for a reasonable period, not to exceed sixty days, unless the parties agree to a longer period. Judiciary shall provide Contractor with written notice of the suspension order, which shall set forth the date upon which the suspension shall take effect, the date of its expiration, and all applicable instructions. Upon receipt of said order, Contractor shall immediately comply with the order and suspend all work under this contract as specified in the order. Contractor shall take all reasonable steps to mitigate costs and adverse impact to the work specified in this contract during the suspension period. Before the order expires, Judiciary shall either:

(a) Cancel the suspension order;

(b) Extend the suspension order for a specific time period not to exceed thirty (30) days; or

(c) Terminate the contract as provided in the termination for default provision or the termination for convenience provision of this document, covered in paragraphs 10 and 11, below.

9.2 Cancellation or expiration of the order. Contractor shall resume performance once a suspension order issued under this section is canceled or expires. If, as a result of the suspension of performance, there is a financial or schedule impact upon this contract, an appropriate adjustment may be made. Any adjustment shall be set forth in writing (see paragraph 7.3, above). After a suspension order has been canceled or expires, Contractor shall provide any request for adjustment to Judiciary within thirty (30) days after resuming work performance.

10. Termination for Default.

10.1 Notice of termination for default; obligations of parties in the event of termination. If, for any reason, Contractor breaches this contract by failing to satisfactorily fulfill or perform any obligations, promises, terms, or conditions, and having been given reasonable notice of and opportunity to cure such default, fails to take satisfactory corrective action within the time specified by Judiciary, Judiciary may terminate this contract, in whole or in part, by giving written notice to Contractor specifying the date for termination. Judiciary shall endeavor to provide such notice at least seven (7) calendar days before the effective date of termination. In the event of termination in whole or in part, Judiciary may procure similar goods or services in a manner and upon terms it deems appropriate, and Contractor shall be liable for excess costs incurred by Judiciary in procuring similar goods or services as a result

of Contractor's default. Contractor shall continue to perform those parts of this contract, if any, that have not been terminated, and shall take timely and necessary action to protect and preserve property in the possession of Contractor in which Judiciary has an interest.

10.2 Compensation. Payment for completed goods delivered and accepted by Judiciary shall be at the agreement price. Payment for the protection and preservation of property shall be in an amount agreed upon by Contractor and Judiciary; if the parties fail to agree, Judiciary shall set an amount subject to Contractor's rights under chapter 3-126, HAR. Judiciary may withhold from amounts due Contractor such sums as Judiciary deems to be necessary to protect Judiciary from loss because of outstanding liens or claims of former lien holders and to reimburse Judiciary for the excess costs incurred in procuring similar goods and services.

10.3 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.

10.4 Nonperformance or delayed performance for unforeseeable reasons beyond Contractor's control. Contractor shall not be in default if it can demonstrate that each of the following have occurred:

(a) Contractor could not perform either the terms of or according to the schedule set forth in this contract for reasons such as: acts of God; acts of a public enemy; fires; floods; epidemics; quarantine restrictions; strikes or other labor disputes; freight embargoes; or unusually severe weather; and

(b) Upon occurrence of events similar to those set forth above, Contractor notified Judiciary within ten (10) calendar days of the triggering event(s); and

(c) Upon determining that it would not be able to perform either the terms of or according to the schedule set forth in this contract, Contractor promptly notified Judiciary, and requested reasonable modification of the contract terms or schedule pursuant to Judiciary's modification provision, set forth in paragraph 7, above.

(d) 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, Contractor shall not be deemed to be in default, unless the goods or services to be furnished by the subcontractor were obtainable from other sources in sufficient time to permit Contractor to meet the contract requirements.

11. Termination for Convenience.

11.1 Notice. Judiciary may terminate this contract in whole or in part without statement of cause at any time by giving written notice to Contractor of such termination at least thirty (30) calendar days before the effective date of such termination. The notice shall specify the part(s) of this contract being terminated and the effective termination date.

11.2 Compensation. Within thirty (30) calendar days of the effective date of the termination of this contract Contractor shall compile and submit to Judiciary an accounting of the work performed up to the date of termination. Judiciary may consider the following claims in determining reasonable compensation owed to Contractor for work performed up to the date of termination:

(a) Contract prices for goods or services accepted under this contract;

(b) Costs incurred in preparing to perform and performing the terminated portion of the work under this contract plus a five (5) percent markup on the actual direct cost of the terminated portion of the work. Such markup shall not include anticipatory profit or consequential damages, less amounts paid or to be paid for accepted goods or services; provided that if it appears that Contractor would have sustained a loss if the entire contract would have been completed, no markup 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 paragraph 13.4, below;

(d) Reasonable administrative (e.g., accounting, legal and clerical) costs incurred by Contractor for preparing settlement claims and supporting data needed for terminating subcontracts pursuant to the terminated portion of this contract.

(e) Reasonable storage, transportation, and other costs associated with protecting or disposing of property allocable to the terminated portions of this contract.

The total sum to be paid to Contractor shall not exceed the total contract price, less any payments previously made to Contractor, the proceeds from any sales of goods or manufacturing materials, and the contract price for work not terminated.

12. Termination for Lack of Funds. Pursuant to section 103D-309, HRS, except in certain instances, no contract entered into between Judiciary and Contractor shall be binding unless the Judiciary Fiscal & Support Services Administrator certifies that there is an available unexpended appropriation or balance of any appropriation over and above all outstanding contracts sufficient to cover the amount required by the contract.

If this contract calls for performance or payment in more than one fiscal year, the fiscal year

being July 1 to June 30, the Judiciary Fiscal & Support Services Administrator may certify only that portion of the total funds required for this contract that is available in the current fiscal year. In the event that sufficient funds are not appropriated to cover payments due in future fiscal years, Judiciary shall not be obligated to pay the net remainder of the payments remaining unpaid beyond the end of the current fiscal year. All contracts partially funded shall be enforceable only to the extent to which funds have been certified as available. Judiciary agrees to notify Contractor of such non-allocation at the earliest possible time. No penalty shall accrue to Judiciary in the event this provision is exercised. This provision shall not be construed so as to permit Judiciary to terminate this contract in order to acquire similar goods or services from a third party.

13. Contractor's Obligations in the Event of Termination.

13.1 Right to goods and work product. If this contract is terminated for any reason, or expires pursuant to its terms, Contractor may be required to transfer and deliver to Judiciary in the manner and to the extent directed by Judiciary:

(a) All finished or unfinished material prepared by Contractor; and

(b) All material, if any, provided to Contractor by Judiciary.

For purposes of this contract, "material" shall include, but is not limited to, goods, parts, tools, dies, jigs, fixtures, information, data, reports, summaries, tables, maps, charts, photographs, films, graphs, studies, recommendations, program concepts, titles, scripts, working papers, files, models, audiotapes, videotapes, computer tapes, cassettes, diskettes, documents, and records developed, prepared, or conceived by Contractor in connection with this contract, or furnished to Contractor by Judiciary. The term does not include material owned by Contractor solely for Contractor's own use and which have only an ancillary relationship to the services provided through this contract.

13.2 Preservation of Judiciary property. Contractor shall, upon Judiciary's direction, protect and preserve property in Contractor's possession in which Judiciary has an interest. If Judiciary does not exercise this right, Contractor shall use best efforts to sell such goods and manufacturing materials. Contractor shall immediately remit the proceeds and corresponding documentation of such sales to Judiciary.

13.3 Contractor liability. If this contract is terminated for cause, Contractor shall not be relieved of liability to Judiciary for damages sustained because of any breach by Contractor of this contract. In such event, Judiciary may retain any amounts which may be due and owing to Contractor until such time as the exact amount of damages due Judiciary from Contractor has been determined. Judiciary may also set off any damages so determined against the amounts retained.

13.4 Performance termination. Upon termination of this contract, Contractor shall stop performance on the date specified, terminate any outstanding orders and subcontracts applicable to the terminated portion of this contract, and shall incur no

further commitments or obligations in connection with the terminated performance. Contractor shall settle all liabilities and claims arising out of the termination of subcontracts and orders generating from the terminated performance. Judiciary may direct Contractor to assign Contractor's right, title, and interest under terminated orders or subcontracts to Judiciary or a third party. Contractor shall continue to comply with those aspects of this contract not terminated.

14. Indemnification and Defense. Contractor shall defend, indemnify, and hold harmless Judiciary and its officers, employees, and agents from and against all liability, loss, damage, cost, and expense, including attorneys' fees, and all claims, suits, and demands arising out of or resulting from the acts or omissions of Contractor or 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.

15. Compliance with Laws. 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 Contractor's performance of this contract.

16. Liquidated Damages. When it is difficult to determine with reasonable accuracy the amount of damage Judiciary will sustain due to delays caused by Contractor's late or nonperformance, this paragraph may apply.

When Contractor is given notice of delay or nonperformance as specified in paragraph 10.1 of these General Conditions, and fails to cure in the time specified, Contractor shall pay Judiciary the amount, if any, of liquidated damages set forth in the special provisions of this contract per calendar day, from the date set for cure until (i) Judiciary obtains similar goods or services, or both, if the contract is terminated for default, or (ii) Contractor provides the goods or services, or both, if the contract is not terminated for default (i.e., the contract is not terminated but has been suspended for non-performance.) If Contractor's delay or nonperformance is based upon the provisions set forth in paragraph 10.4 of these General Conditions, Contractor shall not be assessed liquidated damages.

17. Judiciary's Right of Offset. For any contract over $25,000, Judiciary may offset against any monies Judiciary owes Contractor under the contract, any amount owed to Judiciary by Contractor under this contract, any other contracts, or any law. Judiciary shall notify Contractor in writing of any offset and the nature of such offset. For purposes of this paragraph, amounts owed by Contractor to Judiciary shall not include debts or obligations which have been liquidated, agreed to by Contractor, and are covered by an installment payment or other settlement plan approved by Judiciary, provided, however, that Contractor shall be entitled to such exclusion only to the extent that Contractor is current with, and not delinquent on, any payments or obligations owed to Judiciary under such payment or other settlement plan.

18. Disputes. All disputes arising under this contract shall be resolved in the manner set forth in section 103D-703, HRS and chapter 126, HAR. Contractor shall not sue Judiciary concerning any disputes arising under this contract until after Judiciary rejects Contractor's written request seeking informal resolution of the dispute, or until ninety (90) days after

Judiciary's receipt of the written request, whichever comes first. Contractor shall not suspend performance while Judiciary reviews Contractor's written request, unless directed to do so in writing by Judiciary.

19. Confidentiality of Material.

19.1 All material given to or made available to Contractor by virtue of this contract, which is identified as proprietary or confidential information, shall be safeguarded by Contractor and shall not be disclosed to any individual or organization without Judiciary's prior written approval.

19.2 All information, data, or other material provided by Contractor to Judiciary shall be subject to the Uniform Information Practices Act, chapter 92F, HRS.

20. Ownership Rights and Copyright. Unless otherwise specified in the special provisions of this contract, Judiciary shall have complete ownership of all material, both finished and unfinished, which is developed, prepared, assembled, or conceived by Contractor pursuant to this contract, and all such material shall be considered "works made for hire." All such material shall be delivered to Judiciary upon expiration or termination of this contract. Judiciary, in its sole discretion, shall have the exclusive right to copyright any product, concept, or material developed, prepared, assembled, or conceived by Contractor pursuant to this contract.

21. Patented Article. Contractor shall defend and hold Judiciary harmless against all demands, claims, actions, or liabilities arising from the use of any patented article, patented process, or patented appliance used in connection with this contract. Any royalties due or becoming due for the use of any patented article, process, or appliance shall be paid by Contractor and shall be deemed to be included within the proposal amount and contract price.

22. Publicity. Contractor shall not, in any of its brochures, advertisements, or other publicity, refer to Judiciary, or any office, or officer thereof, or to the services provided pursuant to this contract in any way that creates an appearance that Judiciary endorses Contractor. All media contacts with Contractor about this contract shall be referred to Judiciary.

23. Liens and Warranties. Goods purchased under this contract shall be provided free of all liens and include all applicable warranties, including any warranties described in this contract.

24. Travel Costs and Expenses. Any travel costs and expenses reasonably and necessarily incurred by Contractor and its employees, agents, and subcontractors in the performance of this contract which Judiciary is obligated to directly pay or reimburse Contractor for under this contract shall be subject to the following requirements:

24.1 Any air travel shall be at coach class air fare, unless travel at a higher class will result in an overall cost-savings to Judiciary;

24.2 Ground transportation costs shall not exceed the cost of renting an intermediate-

sized vehicle;

24.3 Subsistence allowance (e.g., lodging, meals, etc.) shall not exceed the applicable daily authorized rate for interisland or out-of-state travel, as set forth in the Judiciary's Financial Administration Manual;

24.4 If travel is undertaken by Contractor for more than one customer or client, Contractor shall charge Judiciary for only Judiciary's proportionate share of all subsistence and transportation costs.

25. Payment Procedures; Final Payment; Tax Clearance.

25.1 Original invoices required. All payments under this contract shall be made only upon submission by Contractor of original invoices in triplicate (1 original plus 2 copies) specifying the amount due and certifying that services requested under this contract have been performed by Contractor according to this contract. Remuneration shall be made in accordance with section 103-10, HRS.

25.2 Subject to available funds. Payments to Contractor are subject to availability of funds. All payments shall be made in accordance with and subject to chapter 40, HRS.

25.3 Final payment. Final payment under this contract shall be subject to section 103D-328, HRS, which requires for procurements of $25,000 or more, a tax clearance from the Director of Taxation, State of Hawai'i, and the Internal Revenue Service, showing that all tax returns due have been filed, and all taxes, interest, and penalties levied against Contractor or accrued under state or federal law have been paid.

26. 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, Contractor shall be paid only from such federal funds received from the federal government, and shall not be paid from any other funds.

27. 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 Hawai'i. Any action at law or in equity to enforce or interpret the provisions of this contract shall be brought in a court of competent jurisdiction in Hawai'i.

28. Notices. Any written notice required to be given by a party to this contract shall be (a) delivered personally, or (b) sent by United States first class mail, postage prepaid, to the Judiciary Contract & Purchasing Branch, 1111 Alakea Street, 6th Floor, Kauikeaouli Hale, Honolulu, Hawai'i 96813, or to Contractor at Contractor's address as indicated in this contract. A notice shall be deemed to have been received by the recipient three (3) days after mailing or at the time of actual receipt, whichever is earlier. Contractor is responsible for notifying Judiciary in writing of any change of address.

29. 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.

30. Waiver. The failure of Judiciary to insist upon strict compliance with any term, provision or condition of this contract shall not be deemed to constitute a waiver or relinquishment of Judiciary's right to enforce the same in accordance with this contract.

31. Managed Process Review. Any contract for goods, services, or construction entered into after July 20, 1998 and prior to July 1, 2001 with an expiration date beyond June 30, 2001, shall, during its term, be subject to a single review by the State, or county, where applicable, pursuant to the managed process in Part III, section 6 of Act 230, Session Laws of Hawai'i, 1998. Pursuant to the managed process review, this contract may be canceled, renegotiated, continued, or extended by the State or county, where applicable. This contract shall continue to be exempt from civil service laws, merit principles, and collective bargaining laws for the duration of the contract even if a managed process is not implemented.