

STATE OF HAWAII
SUPPLEMENTAL CONTRACT NO. 1 TO CONTRACT NO. 59326

This Supplemental Contract No. 1, executed on the respective dates indicated below, is effective as of July 9, 2014, between the OFFICE OF ELECTIONS, State of Hawaii (hereinafter "STATE"), by its CHIEF ELECTION OFFICER, whose address is 802 Lehua Avenue, Pearl City, Hawaii 96782 and HART INTERCIVIC, INC. (hereinafter "CONTRACTOR"), a CORPORATION, under the laws of the State of TEXAS, whose business address and taxpayer identification number are as follows: 15500 WELLS PORT DRIVE, AUSTIN, TEXAS, 78729, FEDERAL TAX NO. 95-3248916, HAWAII TAX NO. 50097728-01.

RECITALS

- A. WHEREAS, the STATE and the CONTRACTOR entered into Contract No. 59326, whereby the CONTRACTOR agreed to provide the goods and services, described in the Contract, through to and including December 31, 2014;
- B. WHEREAS, the Contract provides an option to extend for up to three (3) additional twenty-four month periods;
- C. WHEREAS, the STATE and CONTRACTOR have been involved in extensive negotiations in which cost and price data has been supplied;
- D. WHEREAS, the CONTRACTOR represents, warrants, and covenants that all factual information delivered or that will be delivered in writing by or on behalf of the CONTRACTOR to the STATE for purposes of or in connection with the Contract is true and accurate in all respects and does not omit any fact necessary to prevent such information from being misleading in any respect.

E. WHEREAS, the CONTRACTOR represents, warrants, and covenants that it will maintain the same level of personnel support, in terms of the amount of staff and the quality of the staff it utilizes, in complying with the Contract as it has in previous years. This includes the Contractor's salaried employees, contract employees, and staff obtained through third party vendors.

F. WHEREAS, the CONTRACTOR represents, warrants, and covenants that the current project manager, to the extent he remains employed by the CONTRACTOR as a project manager and is not promoted to a different position, will remain assigned as the project manager for the term of this contract extension;

G. WHEREAS, the CONTRACTOR represents, warrants, and covenants that it will work cooperatively with any other vendor the STATE may hire to provide election goods or services, or both provided no incremental costs are incurred by CONTRACTOR or CONTRACTOR'S ability to perform responsibilities are not impeded or impaired.

H. WHEREAS, the parties now desire to amend the Contract.

NOW, THEREFORE, the STATE and the CONTRACTOR mutually agree to amend the Contract as follows:

1. Amend the SCOPE OF SERVICES according to the terms set forth in Attachment-S1, which is made a part of the Contract.

2. Amend the TIME OF PERFORMANCE according to the terms set forth in Attachment-S2, which is made a part of the Contract.

3. Amend the COMPENSATION according to the terms set forth in Attachment-S3, which is made a part of the Contract.


A tax clearance certificate from the State of Hawaii is not required to be submitted to the STATE prior to commencing any performance under this Supplemental Contract.

A tax clearance certificate from the INTERNAL REVENUE SERVICE is not required to be submitted to the STATE prior to commencing any performance under this Supplemental Contract.

The entire Contract, as amended herein, shall remain in full force and effect.

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

STATE


Signature 
Print Name Scott T. Nago
Print Title Chief Election Officer
Date July 9, 2014

CORPORATE SEAL

(If available)

CONTRACTOR

Name of Contractor: Hart InterCivic, Inc.

Signature 

Print Name: Derek A. Hutson

Print Title: President

Date 7-7-14

APPROVED AS TO FORM


General Counsel

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



STATE OF HAWAII

CONTRACTOR'S ACKNOWLEDGMENT

STATE OF Texas)
) SS.
COUNTY OF Travis)

On this 7th day of July, 2014 before me appeared
Derek A. Hutson and XXXXXXXXXXXXXXX, 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
President and XXXXXXXXXXXXXXX of
Hart InterCivic, Inc., the
CONTRACTOR named in the foregoing instrument, and that he/she/they is/are authorized to sign said
instrument on behalf of the CONTRACTOR, and acknowledges that he/she/they executed said
instrument as the free act and deed of the CONTRACTOR.



[Signature]
Derek HUTSON
Notary Public, State of TEXAS
My commission expires: 4-12-18

Doc. Date: 7/7/14 # Pages: 13
Notary Name: BARBARA KRAMER Circuit
Doc. Description: Contract Relating to
RFP-10-001-SW

[Signature] 7/7/14
Notary Signature Date
NOTARY CERTIFICATION



STATE OF HAWAII
CONTRACTOR'S
STANDARDS OF CONDUCT DECLARATION

For the purposes of this declaration:

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

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

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

On behalf of Hart InterCivic, Inc, CONTRACTOR, the undersigned does declare as follows:

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

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

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

CONTRACTOR

By 
(Signature)

Print Name Derek A Hutson

Print Title President

Name of Contractor Hart Intercivic, Inc.

Date 7-7-14



STATE OF HAWAII

CERTIFICATE OF EXEMPTION FROM CIVIL SERVICE

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

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

July 9, 2014

(Signature)

(Date)

SCOTT T. NAGO

(Print Name)

CHIEF ELECTION OFFICER

(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)

**Hart InterCivic, Inc.
Representative Authorization**

1. I hereby certify that I am the CEO of Hart InterCivic, Inc., located in the city of Austin and the state of Texas.

2. I further certify that I am authorized, on behalf of and as the act of this corporation, to execute and deliver proposals, contracts and other documents and to take such other lawful actions as they deem necessary or appropriate ("Transactions") to sell the corporation's voting products (including without limitation the corporation's Hart Voting System) and print products, and in connection therewith to license this corporation's proprietary software, to federal, state, county, local and other governmental entities in response to requests for proposals and other similar procurements by such entities; and,

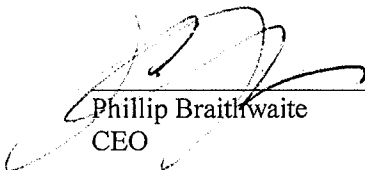
I further certify that the individuals listed below are authorized to take or cause to be taken, all further lawful actions in connection with the Transactions and to execute and deliver all instruments in regard to the Transactions that may be deemed necessary or appropriate to submit, negotiate, contract under and implement such Transactions and any resulting contracts, as conclusively evidenced by the taking of the action or execution and delivery of the instruments.

Authorized representatives:

Phillip Braithwaite – CEO
Derek Hutson - President
Julie Mathis – CFO

In witness hereof, I have hereupon set the seal of this corporation this 30th day of June, 2014

(SEAL OF CORPORATION)



Phillip Braithwaite
CEO

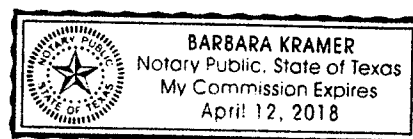
State of Texas
County of Travis

This instrument was acknowledged before me on this 30th day of June, 2014 by Phillip Braithwaite, CEO of Hart InterCivic, Inc., on behalf of said corporation.



Notary Public's Signature

(NOTARY SEAL)



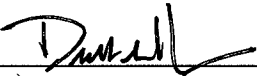
STATE OF HAWAII
CERTIFICATE OF CURRENT COST OR PRICING DATA

This is to certify that, to the best of my knowledge and belief, cost or pricing data as defined in section 3-122-122 and submitted pursuant to section 3-122-125; either actually or by specific identification in writing to the procurement officer in support of Extensions of RFP-10-001-SW, are accurate, complete, and current as of July 1, 2014 ***.
(month, date, year)

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

Vendor / Firm: Hart InterCivic, Inc.	Date of Execution: *** July 1, 2014
--------------------------------------	-------------------------------------

Name: Derek A. Hutson	Title: President
-----------------------	------------------



(Signature)

(Print Name and Title) Derek A. Hutson, President

7-7-14

(Date)

(End of Certificate)

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

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

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

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


Subject: RFP No.: RFP - 10-001-SW
Title of RFP: Sealed Offers For a Voting Equipment System

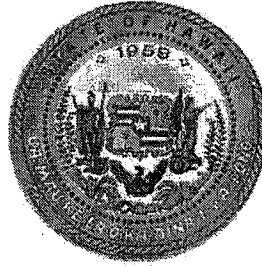
Pursuant to Section 103-55, Hawaii Revised Statutes (HRS), I hereby certify that if awarded the contract in excess of \$25,000, the services to be performed will be performed under the following conditions:

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

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

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

Offeror Hart InterCivic, Inc.
Signature 
Title President
Date 7-7-14



**STATE OF HAWAII
STATE PROCUREMENT OFFICE**

CERTIFICATE OF VENDOR COMPLIANCE

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

Vendor Name: HART INTERCIVIC, INC.

DBA/Trade Name: HART INTERCIVIC INC.

Issue Date: 06/30/2014

Status: Compliant

Hawaii Tax#: 50097728-01
 FEIN/SSN#: XX-XXX8916
 UI#: No record
 DCCA FILE#: 43922

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	Pending

Status Legend:

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



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
07/07/2014

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

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

PRODUCER Willis of Texas, Inc. c/o 26 Century Blvd P.O. Box 305191 Nashville, TN 372305191 USA	CONTACT NAME: PHONE (A/C, No, Ext): 1-877-945-7378 FAX (A/C, No): 1-888-467-2378 E-MAIL ADDRESS: certificates@willis.com	
	INSURER(S) AFFORDING COVERAGE NAIC #	
INSURED Hart InterCivic, Inc. 15500 Wells Port Drive Austin, TX 78728	INSURER A: Charter Oak Fire Insurance Company 25615	
	INSURER B: Travelers Property Casualty Insurance Company 36161	
	INSURER C: Travelers Indemnity Company 25658	
	INSURER D:	
	INSURER E:	
INSURER F:		

COVERAGES **CERTIFICATE NUMBER:** W477310 **REVISION NUMBER:**

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


INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS		
A	GENERAL LIABILITY			630-7E835167	07/01/2014	07/01/2015	EACH OCCURRENCE	\$ 1,000,000	
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY						DAMAGE TO RENTED PREMISES (Ea occurrence)	\$ 1,000,000	
	<input type="checkbox"/> CLAIMS-MADE	<input checked="" type="checkbox"/> OCCUR						MED EXP (Any one person)	\$ 10,000
	GEN'L AGGREGATE LIMIT APPLIES PER:							PERSONAL & ADV INJURY	\$ 1,000,000
	<input checked="" type="checkbox"/> POLICY	<input type="checkbox"/> PRO-JECT	<input type="checkbox"/> LOC					GENERAL AGGREGATE	\$ 2,000,000
								PRODUCTS - COMP/OP AGG	\$ 2,000,000
								Employee Benefits	\$ 1,000,000
B	AUTOMOBILE LIABILITY			BA-7E830830	07/01/2014	07/01/2015	COMBINED SINGLE LIMIT (Ea accident)	\$ 1,000,000	
	<input type="checkbox"/> ANY AUTO ALL OWNED AUTOS	<input type="checkbox"/> SCHEDULED AUTOS	<input type="checkbox"/> NON-OWNED AUTOS				BODILY INJURY (Per person)	\$	
	<input checked="" type="checkbox"/> HIRED AUTOS	<input checked="" type="checkbox"/>	<input type="checkbox"/>				BODILY INJURY (Per accident)	\$	
							PROPERTY DAMAGE (Per accident)	\$	
C	<input checked="" type="checkbox"/> UMBRELLA LIAB	<input checked="" type="checkbox"/> OCCUR		HC-UB-7E82749-3-14	07/01/2014	07/01/2015	EACH OCCURRENCE	\$ 15,000,000	
	<input type="checkbox"/> EXCESS LIAB	<input type="checkbox"/> CLAIMS-MADE					AGGREGATE	\$ 15,000,000	
	<input type="checkbox"/> DED	<input checked="" type="checkbox"/> RETENTION \$10,000						\$	
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY			HC-UB-7E82749-3-14	07/01/2014	07/01/2015	<input checked="" type="checkbox"/> WC STATU-TORY LIMITS	OTH-ER	
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	Y/N	N/A				E.L. EACH ACCIDENT	\$ 1,000,000	
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE	\$ 1,000,000	
							E.L. DISEASE - POLICY LIMIT	\$ 1,000,000	

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

Evidence of Insurance.

CERTIFICATE HOLDER

CANCELLATION

Hart Intercivic 15500 Wells Port Drive Austin, TX 78728	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 

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SCOPE OF SERVICES

Paragraph 1 (Scope of Services) of Contract No. 59326 is hereby amended, with new material underscored and deleted material bracketed and stricken, to read as follows:

In addition to the goods and services described in the original contract, the CONTRACTOR shall continue providing the following consistent with the 2012 election cycle: (1) as per Project Change Document 1, dated 1/31/2012, an additional seventeen (17) DAU/VBO w/Booth, headphones, MBB, and VBO power; (2) as per Project Change Document 1, dated 1/31/2012, an additional seventeen (17) black corrugated VBO boxes; (3) as per Project Change Document 1, dated 1/31/2012, associated shipping and handling during the course of the contract; and (4) as per Project Change Document 2, dated 4/26/2012, enhancements to Hart's Fusion product that will allow for separate reporting of sheet-specific ballot counts.

The Contract may be modified by a written document signed by the Contract Administrator and Contractor personnel authorized to sign contracts on behalf of the Contractor. Additionally, the State will have the option, if it chooses, to pay for additional work through a purchase order. As such, notwithstanding any statement to the contrary, a purchase order will satisfy the requirements for a contract modification. However, in no event will oral modification of the contract be permitted.

Further, the CONTRACTOR agrees to provide election results at intervals defined by the STATE during the tabulation process following the close of polls to the extent results are available and can be obtained without risk to tabulation and timing of results. The election results shall be delivered to the STATE as electronic files from existing CONTRACTOR exports and one new export, where the content of the new export shall be defined by the STATE at a later date. To the extent the new export can be provided by the CONTRACTOR from existing Fusion application and database queries and no incremental development or services are required, the export will be provided at no cost to the STATE. The form of the election results shall be a data file or electronic data transfer in a defined and documented data format or structure as defined by the CONTRACTOR. The data format or structure shall be managed by the vendor as part of their revision control system

ATTACHMENT S1

such that any future changes to the data format or structure are documented and communicated to the STATE in a timely manner. The STATE intends to maintain an import interface for the election results data format or structure for the purposes of election night reporting and a managed data format or structure is essential for the operational import interface.

The voting system vendor will work cooperatively with any other election goods or services vendor, or both, hired by the STATE provided no incremental costs are incurred or CONTRACTOR'S ability to perform responsibilities are not impeded or impaired.

TIME OF PERFORMANCE

Paragraph 2 (Time of Performance) of Contract No. 59326 is hereby amended, to include the following provisions, which are underscored, at the end thereof:

The parties have mutually agreed that the option to extend for up to three (3) additional twenty-four month periods, is hereby exercised and the contract is extended to December 31, 2020 (i.e. 2016, 2018, and 2020 election cycles).

As noted in Attachment S1 (Scope of Work), the Contract may be modified by a written document signed by the Contract Administrator and Contractor personnel authorized to sign contracts on behalf of the Contractor. To the extent appropriate and as may be permitted by law, any such modification may modify the time of performance.

COMPENSATION

Paragraph 4 (Compensation) of Contract No. 59326 is hereby amended, to include the following provision, which is underscored, at the end thereof:

As noted in Paragraph 2 (Time of Performance), as amended by Attachment S2 to the Supplemental Contract, the parties have mutually agreed that the option to extend for up to three (3) additional twenty-four month periods, is hereby exercised and the contract is extended to December 31, 2020 (i.e. 2016, 2018, and 2020 Election Cycles). Given this, the compensation for that time period is as follows: 2016 Election Cycle - \$3,418,838; 2018 Election Cycle - \$3,209,000; and 2020 Election Cycle \$3,009,000.

As noted in Paragraph 1 (Scope of Work), as amended by Attachment S1 to the Supplemental Contract, the Contract may be modified by a written document signed by the Contract Administrator and Contractor personnel authorized to sign contracts on behalf of the Contractor. Additionally, the State will have the option, if it chooses, to pay for additional work through a purchase order. As such, notwithstanding any statement to the contrary, a purchase order will satisfy the requirements for a contract modification.

Given this, the compensation noted in Paragraph 4, as amended by Attachment S2 to the Supplemental Contract, may be increased or decreased as a result any subsequent modification.

Following an election, the State is be required to preserve for a period of twenty two months various election materials to comply with federal law. 42 USC § 1974. This includes the 128MB PCMCIA ATA Flash Cards that were used during the election.

The Contractor shall contact the State, in writing, during the 30 day period immediately prior to the expiration of the twenty two month period, to inform the State that it wishes to make arrangements to receive the 128MB PCMCIA ATA Flash Cards, after they are permitted by law to be released.

In the event that the State does not return, within 24 months of the conclusion of an election, any 128MBPCMCIA ATA Flash Cards it may have in its physical possession, the State will pay the Contractor at the then current list price less 15% to procure the equivalent amount of non-returned 128MB PCMCIA ATA Flash Cards. However, in no event will Contractor's list price be greater than 180% of the actual cost to the Contractor to obtain the flash cards from a third party vendor.