



1 PARTICIPATING ADDENDUM

COMPUTER EQUIPMENT, SOFTWARE, PERIPHERALS AND RELATED SERVICES

MASTER PRICE AGREEMENT SUN MICROSYSTEMS, INC.

A85627

State of Arizona

1. Scope

This Participating Addendum (PA) to the Western States Contracting Alliance (WSCA) Computer contract is for the elective use of the State of Arizona, its departments, agencies, commissions and boards. In addition, eligible universities, political subdivisions and nonprofit educational or public health institutions may participate at their discretion. In order to participate, a university, political subdivision, or nonprofit educational or public health institution must have entered into a cooperative purchasing agreement with the Enterprise Procurement Services Division as required by the A.R.S. 41-2632.

2. Changes:

The following items under the Master Price Agreement (MPA) are hereby changed.

2.1. Additions:

Contract Uniform and Special Terms and Conditions of the State of Arizona. (See Attachment 2.1)

2.2. Deletions:

2.2.1. Band 5 equipment. Notwithstanding any future amendments, this PA is limited to servers, desktops, laptops, printers and storage. PDA's will not be procured by the State of Arizona under this contract.

2.2.2. No wireless services shall be purchased under this PA.

2.2.3. Software other than the Operating System is not available under this PA. Imaging of Software purchased and licensed from other State accepted sources is permitted under the PA

2.3. Revisions:

2.3.1. **Standardized Configurations:** Notwithstanding any future amendments, this PA establishes the potential use of standardized configurations to be determined in intervals of approximately six months or a shorter or longer period as deemed in the best interests of the State. The State will share these standardized configurations with the contractor in pursuit of further discounts beyond those available under the PA. All additional discounts shall be displayed within the contractor's Arizona-dedicated website accessible through the WSCA approved website. The current standardized configurations shall be an attachment named "Attachment 2.3.4 Standard Configurations as of 12-01-2004". Future Standard configurations shall have a similar naming convention.

2.3.2. **Bulk Purchases:** Notwithstanding any future amendments, this PA establishes the potential use of further discounts for bulk purchases. The State Procurement Office has established the Value in Procurement (VIP) Committee. A major initiative of the VIP Committee is to aggregate specific procurements to increase efficiency and cut costs. A method of achieving this is for the State to periodically make bulk purchases of equipment. The number of units for these purchases will be no less than 100 units per type of equipment.



SUN MICROSYSTEMS

3. Primary Contact:

The primary participating entity contact for this participating addendum is as follows:

Name: Doug Milford

Participating Entity Name: State of Arizona Department of Administration, Enterprise Procurement Services Division

Address: 100 North 15th Avenue, Suite 104

Phoenix, AZ 85007

Telephone: 602.542.9121

Fax: 602.542.5508

E-mail: doug.milford@azdoa.gov

The primary Contractor contact for this participating addendum is as follows:

Name: Jack Nichols, Manager, State and Local Government Contracts

Contractor: Sun Microsystems, Inc.

Address: 1775 Wiehle Ave., Mailstop URSN03

Reston, VA 20190

Telephone: 571.203.8116

Fax: 512.203.8020

E-mail: jack.nichols@Sun.com

4. Servicing Subcontractors:

Only Sun Microsystems's authorized Partners that have been approved by Sun and the Participating entity are eligible to support the Master Price Agreement. These approved Partners will be identified on the individual website for the Participating Entity. Sun's WSCA Partners will be responsible for performing all aspects of the WSCA contract including taking Purchase Orders direct, fulfilling Purchase Orders, invoicing and receiving payment as identified on the individual website for the Participating Entity. As the prime WSCA Contract holder Sun Microsystems will be responsible for any reports and/or sales rebates that the Participating Entity requires at sets forth under Paragraph 2 above.

5. Orders and Payments:

Unless otherwise named and identified to the Participating Entity pursuant to Paragraph 4 above of this Participating Addendum orders and payments are to be issued to:

Orders:

Sun Microsystems, Inc.

7777 Gateway Blvd.

Newark, CA 94560

Attention: Judy Ladyard

Fax: 510.217.6040

Email: judy.ladyard@Sun.com

Payments:

Sun Microsystems, Inc.

c/o Bank of America

Dept. 1489

P.O. Box 61000

San Francisco, CA 94161



The NASPO/WSCA Master Price Agreement Number A85627 and the Arizona State Contract Number MUST be shown on all Purchase Orders issued against this Agreement.



This Addendum and the Price Agreement together with its exhibits, set forth the entire agreement between the parties with respect to the subject matter of all previous communications, representations or agreements, whether oral or written, with respect to the subject matter hereof. Terms and conditions inconsistent with, contrary or in addition to the terms and conditions of this Addendum and the Price Agreement, together with its exhibits, shall not be added to or incorporated into this Addendum or the Price Agreement and its exhibits, by any subsequent purchase order or otherwise, and any such attempts to add or incorporate such terms and conditions are hereby rejected. The terms and conditions of this Addendum and the Price Agreement and its exhibits shall prevail and govern in the case of any such inconsistent or additional terms.

IN WITNESS WHEREOF, the parties have executed this Addendum as of the date of execution by Contractor below.
 Signatures as required by State Statutes, Rules or Policies

SUN MICROSYSTEMS, INC.

Robert Lavine
 SIGNATURE
ROBERT LAVINE
 NAME (PRINT)
DIRECTOR, STATE & LOCAL GOVT
 TITLE
9/28/2006
 DATE

State of Arizona, Enterprise Procurement Services

Douglas Milford
 SIGNATURE
Douglas Milford
 NAME (PRINT)
Arizona Procurement Officer
 TITLE
9-29-2006
 DATE



**Attachment 2.1
State of Arizona Terms and Conditions**

1. **Definition of Terms:** As used in this Solicitation and any resulting Contract, the terms listed below are defined as follows:
 - 1.1. "Attachment" means any item specifically referenced herein and required to be included as a part of this Participating Addendum.
 - 1.2. "Contract" means the terms and conditions set forth in Amendment 2.1 and are hereby incorporated into the Participating Addendum
 - 1.3. "Contract Amendment" means a written document signed by the Procurement Officer that is issued for the purpose of making changes in the Contract.
 - 1.4. "Contractor" or "Manufacturer" means Sun Microsystems, Inc.
 - 1.5. "Days" means calendar days unless otherwise specified.
 - 1.6. "Exhibit" means any item labeled as an Exhibit in the Solicitation or placed in the Exhibits section of the Solicitation.
 - 1.7. "Gratuity" means a payment, loan, subscription, advance, deposit of money, services, or anything of more than nominal value, present or promised, unless consideration of substantially equal or greater value is received.
 - 1.8. "Master Price Agreement" or "MPA" means the contract that the State of Minnesota Materials Management Division (MMD) approved that contains the primary Terms and Conditions for the acquisition of the Contractor's products and/or services by Purchasing Entities. The MPA is a permissive price agreement. In order for a Purchasing Entity to participate in a MPA the Arizona State Procurement Official or other designated procurement official must be a participating State or Participating Entity.
 - 1.9. "Materials" means all property, including equipment, supplies, printing, insurance and leases of property but does not include land, a permanent interest in land or real property or leasing space.
 - 1.10. "Participating Addendum" or "PA" means a bilateral agreement executed by the Contractor and the State. Terms and conditions contained in the PA, to the extent that they are in conflict, shall take precedence over the corresponding terms in the MPA.
 - 1.11. "Participating State" or "Participating Entity" means the State of Arizona.
 - 1.12. "Procurement Officer" means the person, or his or her designee, duly authorized by the State to enter into and administer Contracts and make written determinations with respect to the Contract.
 - 1.13. "Purchasing Entity" means a Participating State or another legal entity, such as a political subdivision, properly authorized by the Participating State to enter into an agreement for the purchase of goods and/or services described in this contract.
 - 1.14. "Servicing Subcontractor" or "Agent Reseller" or "Subcontractor" means a Contractor authorized and state-approved subcontractor who may provide local marketing support or other authorized services on behalf of the Contractor in accordance with the terms and conditions of the Contractor's Master Price Agreement. A wholly owned subsidiary or other company providing warranty or other technical support services qualifies as a Servicing Subcontractor. Local business partners may qualify as Servicing Subcontractors. Servicing Subcontractors may not directly accept Purchase Orders or payments for Products or Services from Purchasing Entities, unless otherwise provided in a Participating Agreement. Servicing Subcontractors shall be named individually. The Contractor actually holding the Master Price Agreement shall be responsible for Servicing Subcontractor's providing warranty service and maintenance for equipment on a Master Price Agreement as well as the Take back Program.
 - 1.15. "Services" means the furnishing of labor, time or effort by a contractor or subcontractor which is permitted under the MPA but does not involve the delivery of a specific end product other than required reports and performance, but does not include employment agreements or collective bargaining agreements.
 - 1.16. "Subcontract" means any Contract, express or implied, between the Contractor and another party or between a subcontractor and another party delegating or assigning, in whole or in part, the making or furnishing of any material or any service required for the performance of the Contract.
 - 1.17. "State" means the State of Arizona and Department or Agency of the State that executes the Contract.
 - 1.18. "State Fiscal Year" means the period beginning with July 1 and ending June 30,



2. Contract Interpretation

2.1. Arizona Law.

The Arizona law applies to this Contract including, where applicable, the Uniform Commercial Code as adopted by the State of Arizona and the Arizona Procurement Code, Arizona Revised Statutes (A.R.S.) Title 41, Chapter 23, and its implementing rules, Arizona Administrative Code (A.A.C.) Title 2, Chapter 7.

2.2. Implied Contract Terms.

Each provision of law and any terms required by law to be in this Contract are a part of this Contract as if fully stated in it.

2.3. Contract Order of Precedence.

In the event of a conflict in the provisions of the Contract, as accepted by the State and as they may be amended, the following shall prevail in the order set forth below:

2.3.1. Executed PA and Attachments;

2.3.2. Terms and Conditions of the MMD's MPA;

2.3.3. Exhibits and Amendments to the MMD's MPA;

2.3.4. The list of products and services contained in the purchase order;

2.3.5. The request for proposals document P-1331 and Addenda thereto;

2.3.6. Contractor's proposal including any written clarifications and/or best and final offer.

2.4. Relationship of Parties.

The Contractor under this Contract is an independent contractor. Neither party to this Contract shall be deemed to be the employee or agent of the other party to the Contract.

2.5. Severability.

The provisions of this Contract are severable. Any term or condition deemed illegal or invalid shall not affect any other term or condition of the Contract.

2.6. No Parole Evidence.

This Contract is intended by the parties as a final and complete expression of their agreement. No course of prior dealings between the parties and no usage of the trade shall supplement or explain any terms used in this document and no other understanding either oral or in writing shall be binding.

2.7. No Waiver.

Either party's failure to insist on strict performance of any term or condition of the Contract shall not be deemed a waiver of that term or condition even if the party accepting or acquiescing in the nonconforming performance knows of the nature of the performance and fails to object to it.

3. Contract administration and operation.

3.1. Records.

Under A.R.S. § 35-214 and § 35-215, the Contractor shall retain and shall contractually require each subcontractor to retain all financial data and other billing "records" relating to the acquisition and performance of the Contract for a period of five years after the completion of the Contract. All records shall be subject to inspection and audit by the State at reasonable times. Upon request, the Contractor shall produce a legible copy of any or all such records.

3.2. Non-Discrimination.

The Contractor shall comply with State Executive Order No. 99-4 and all other applicable Federal and State laws, rules and regulations, including the Americans with Disabilities Act.

3.3. Audit.

Pursuant to ARS § 35-214, at any time during the term of this Contract and five (5) years thereafter, the Contractor's or any subcontractor's books and records shall be subject to audit by the State and, where applicable, the Federal Government, to the extent that the books and records relate to the performance of the Contract or Subcontract.

3.4. Facilities Inspection and Materials Testing.

The Contractor agrees to permit access to its facilities, subcontractor facilities and the Contractor's processes or services, at reasonable times for inspection of the facilities or materials covered under this Contract. The State shall also have the right to test, at its own cost, the materials to be supplied under this Contract. Neither inspection of the Contractor's facilities nor materials testing shall constitute final acceptance of the materials or services. If the State



determines noncompliance of the materials, the Contractor shall be responsible for the payment of all costs incurred by the State for testing and inspection.

3.5. Notices.

Notices to the Contractor required by this Contract shall be made by the State to the person indicated on the Offer and Acceptance form submitted by the Contractor unless otherwise stated in the Contract. Notices to the State required by the Contract shall be made by the Contractor to the Solicitation Contact Person indicated on the Solicitation cover sheet, unless otherwise stated in the Contract. An authorized Procurement Officer and an authorized Contractor representative may change their respective person to whom notice shall be given by written notice to the other and an amendment to the Contract shall not be necessary.

3.6. Advertising, Publishing and Promotion of Contract.

The Contractor shall not use, advertise or promote information for commercial benefit concerning this Contract without the prior written approval of the Procurement Officer.

4. Costs and Payments

4.1. Payments.

Payments shall comply with the requirements of A.R.S. Titles 35 and 41, Net 30 days. Contractor shall submit a complete and accurate invoice for payment to be received from the Purchasing Entity within thirty (30) days from date of undisputed invoice.

4.2. Acceptance. Reference Section 6A of MPA.

4.3. Delivery. Reference Section 10A of MPA

4.4. Applicable Taxes.

4.4.1. **Payment of Taxes.** The Contractor shall be responsible for paying all applicable taxes.

4.4.2. **State and Local Transaction Privilege Taxes.** The State of Arizona is subject to all applicable state and local transaction privilege taxes. Transaction privilege taxes apply to the sale and are the responsibility of the seller to remit. Failure collect such taxes from the buyer does not relieve the seller from its obligation to remit taxes.

4.4.3. **Tax Indemnification.** Contractor and all subcontractors shall pay all Federal, state and local taxes applicable to its operation and any persons employed by the Contractor. Contractor shall, and require all subcontractors to hold the State harmless from any responsibility for taxes, damages and interest, if applicable, contributions required under Federal, and/or state and local laws and regulations and any other costs including transaction privilege taxes, unemployment compensation insurance, Social Security and Worker's Compensation.

4.4.4. **IRS W9 Form.** In order to receive payment the Contractor shall have a current IRS W9 Form on file with the State of Arizona, unless not required by law.

4.5. Availability of Funds for the Next State fiscal year.

Funds may not presently be available for performance under this Contract beyond the current state fiscal year. No legal liability on the part of the State for any payment may arise under this Contract beyond the current state fiscal year until funds are made available for performance of this Contract.

4.6. Availability of Funds for the current State fiscal year.

Should the State Legislature enter back into session and reduce the appropriations or for any reason and these goods or services are not funded, the State may take any of the following actions:

4.6.1. Accept a decrease in price offered by the, contractor

4.6.2. Cancel the Contract

4.6.3. Cancel the contract and re-solicit the requirements.

5. Contract changes

5.1. Amendments.

This Contract is issued under the authority of the Procurement Officer who signed this Contract. The Contract may be modified only through a Contract Amendment within the scope of the Contract. Changes to the Contract, including the addition of work or materials, the revision of payment terms, or the substitution of work or materials, directed by a person who is not specifically authorized by the procurement officer in writing or made unilaterally by the Contractor are violations of the Contract and of applicable law. Such changes, including unauthorized written Contract Amendments shall be void and without effect, and the Contractor shall not be entitled to any claim under this Contract based on those changes.

5.2. Subcontracts.

Sun shall be fully responsible for the acts and omissions of its subcontractors.. The Contractor shall clearly list any proposed subcontractors and the subcontractor's proposed responsibilities. The Subcontract shall incorporate by reference the terms and conditions of this Contract.

5.3. Assignment and Delegation.

The Contractor shall not assign any right nor delegate any duty under this Contract without the prior written approval of the Procurement Officer. The State shall not unreasonably withhold approval.

6. Risk and Liability

6.1. Risk of Loss. Reference Section 10 of MPA

6.2. Indemnification. Reference Section 24 of MPA

6.3. Indemnification - Patent and Copyright. Reference Section 12 of MPA

6.4. Force Majeure.

6.4.1. Except for payment of sums due, neither party shall be liable to the other nor deemed in default under this Contract if and to the extent that such party's performance of this Contract is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the party affected and occurs without its fault or negligence. Without limiting the foregoing, force majeure includes acts of God; acts

of the public enemy; war; riots; strikes; mobilization; labor disputes; civil disorders; fire; flood; lockouts; injunctions-intervention-acts; or failures or refusals to act by government authority; and other similar occurrences beyond the control of the party declaring force majeure which such party is unable to prevent by exercising reasonable diligence.

6.4.2. Force Majeure shall not include the following occurrences:

6.4.2.1. Late delivery of equipment or materials caused by congestion at a manufacturer's plant or elsewhere, or an oversold condition of the market;

6.4.2.2. Late performance by a subcontractor unless the delay arises out of a force majeure occurrence in accordance with this force majeure term and condition; or

6.4.2.3. Inability of either the Contractor or any subcontractor to acquire or maintain any required Insurance, bonds, licenses or permits.

6.4.3. If either party is delayed at any time in the progress of the work by force majeure, the delayed party shall notify the other party in writing of such delay, as soon as is practicable and no later than the following working day, of the commencement thereof and shall specify the causes of such delay in such notice. Such notice shall be delivered or mailed certified return receipt and shall make a specific reference to this article, thereby invoking its provisions. The delayed party shall cause such delay to cease as soon as practicable and shall notify the other party in writing when it has done so. The time of completion shall be extended by Contract Amendment for a period of time equal to the time that results or effects of such delay prevent the delayed party from performing in accordance with this Contract.

6.4.4. Any delay or failure in performance by either party hereto shall not constitute default hereunder or give rise to any claim for damages or loss of anticipated profits if, and to the extent that such delay or failure is caused by force majeure.

7. Warranties

7.1. Liens.

The Contractor warrants that the materials supplied under this Contract are free of liens and shall remain free of liens.

7.2. Quality. Reference Section 11A of MPA

7.3. Fitness. Reference Section 11A2 of MPA

7.4. Inspection/Testing.

The warranties set forth in subparagraphs 7.1 through 7.3 of this paragraph are not affected by inspection or testing of or payment for the materials by the State.

7.5. Year 2000.

7.5.1. Notwithstanding any other warranty or disclaimer of warranty in this Contract, the Contractor warrants that all products delivered and all services rendered under this Contract shall comply in all respects to performance and delivery requirements of the specifications and shall not be adversely affected by any date-related data Year 2000 issues. This warranty shall survive the expiration or termination of this Contract.

7.5.2. Additionally, notwithstanding any other warranty or disclaimer of warranty in this Contract, the Contractor warrants that each hardware, software, and firmware product delivered under this Contract shall be able to accurately process date/time data (including but not limited to calculation, comparing, and sequencing) from, into, and between the twentieth and twenty-first centuries, and the years 1999 and 2000 and leap year calculations, to the extent that other information technology utilized by the State in combination with the information technology being acquired under this Contract properly exchanges date-time data with it. The remedies available to the State for breach of this warranty shall include, but shall not be limited to, repair and replacement of the information technology products delivered under this Contract.

7.6. Compliance with Applicable Laws.

The materials and services supplied under this Contract shall comply with all applicable Federal, state and local laws, and the Contractor shall maintain all applicable licenses and permit requirements.

7.7. Survival of Rights and Obligations after Contract Expiration or Termination.

7.7.1. Contractor's Representations and Warranties. All representations and warranties made by the Contractor under this Contract shall survive the expiration or termination hereof. In addition, the parties hereto acknowledge that pursuant to A.R.S. § 12-510, except as provided in A.R.S. § 12-529, the State is not subject to or barred by any limitations of actions prescribed in A.R.S., Title 12, Chapter 5.

7.7.2. Purchase Orders. The Contractor shall, in accordance with all terms and conditions of the Contract, fully perform and shall be obligated to comply with all purchase orders received by the Contractor prior to the expiration or termination hereof, unless otherwise directed in writing by the Procurement Officer, including, without limitation, all purchase orders received prior to but not fully performed and satisfied at the expiration or termination of this Contract.

8. State's Contractual Remedies

8.1. Right to Assurance - Provisions in WSCA MPA paragraph 45 apply.

8.2. Stop Work Order.

8.2.1. The State may, at any time, by written order to the Contractor, require the Contractor to stop all or any part, of the work called for by this Contract for period(s) of days indicated by the State after the order is delivered to the Contractor. The order shall be specifically identified as a stop work order issued under this clause. Upon receipt of the order, the Contractor shall immediately comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the order during the period of work stoppage.

8.2.2. If a stop work order issued under this clause is canceled or the period of the order or any extension expires, the Contractor shall resume work. The Procurement Officer shall make an equitable adjustment in the delivery schedule or Contract price, or both, and the Contract shall be amended in writing accordingly.

8.3. Non-exclusive Remedies.

The rights and the remedies of the State under this Contract are not exclusive.

8.4. Nonconforming Tender.

Materials or services supplied under this Contract shall fully comply with the Contract. The delivery of materials or services or a portion of the materials or services that do not fully comply constitutes a breach of contract. On delivery of nonconforming materials or services, the State may terminate the Contract for default under applicable termination clauses in the Contract, exercise any of its rights and remedies under the Uniform Commercial Code, or pursue any other right or remedy available to it. Termination under this clause may only occur after written notification has been sent to the designated Contractor representative and a reasonable period of time has been given to the Contractor to provide a cure of the non-conformance.

9. Contract Termination - Provisions in WSCA MPA paragraph 8 apply**10. Contract Claims.**

All contract claims or controversies under this Contract shall be resolved according to A.R.S. Title 41, Chapter 23, Article 9, and rules adopted there under.

11. Arbitration.

The parties to this Contract agree to resolve all disputes arising out of or relating to this contract through arbitration, after exhausting applicable administrative review, to the extent required by A.R.S. § 12-1518, except as may be required by other applicable statutes (Title 41).

12. Comments Welcome.

The State Procurement Office periodically reviews the Uniform Terms and Conditions and welcomes any comments you may have. Please submit your comments to:
State Procurement Administrator, State Procurement Office,
100 North 15th Avenue
Suite 104
Phoenix, Arizona, 85007.

13. Insurance

13.1. Indemnification. Reference Section 24 of MPA

13.2. INSURANCE REQUIREMENTS:

Vendor shall procure and maintain, until all of their obligations, including any warranty periods under this Contract, are satisfied, insurance against claims for injury to persons or damage to property which may arise from or in connection with the purchase and or use of the commodity.

The *insurance requirements* herein are minimum requirements for this Contract and in no way limit the indemnity covenants contained in this Contract. The State of Arizona in no way warrants that the minimum limits contained herein are sufficient to protect the Vendor from liabilities that might arise out of the purchase and use of the commodities sold under this Contract by the Vendor, his agents, representatives, employees or subcontractors and Vendor is free to purchase such additional insurance as may be determined necessary.

13.2.1. MINIMUM SCOPE AND LIMITS OF INSURANCE: Contractor shall provide coverage at least as broad and with limits of liability not less than those stated below.

13.2.1.1. Commercial General Liability – Occurrence Form

Policy shall include bodily injury, property damage, personal injury and broad form contractual liability.

General Aggregate	\$2,000,000
Products – Completed Operations Aggregate	\$1,000,000
Personal and Advertising Injury	\$1,000,000
Fire Legal Liability	\$ 50,000
Blanket Contractual Liability – Written	\$1,000,000
Each Occurrence	\$1,000,000

13.2.1.2. Automobile Liability

Bodily Injury and Property Damage for any owned, hired, and/or non-owned vehicles used in the performance of this Contract.

Combined Single Limit (CSL) \$1,000,000

The policy shall be endorsed to include the following additional insured language: ***"The State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees shall be named as additional insureds with respect to liability arising out of the activities performed by or on behalf of the Contractor, involving automobiles owned, leased, hired or borrowed by the Contractor."***

13.2.1.3. Worker's Compensation and Employers' Liability

Workers' Compensation	Statutory
Employers' Liability	
Each Accident	\$ 500,000
Disease – Each Employee	\$ 500,000
Disease – Policy Limit	\$1,000,000

Policy shall contain a waiver of subrogation against the State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees for losses arising from work performed by or on behalf of the Contractor.

This requirement shall not apply to: Separately, EACH contractor or subcontractor exempt under A.R.S. 23-901, and when such contractor or subcontractor executes the appropriate waiver (Sole Proprietor/Independent Contractor) form.

13.2.1.4. ADDITIONAL INSURANCE REQUIREMENTS: The policies are to contain, or be endorsed to contain, the following provisions:

13.2.1.4.1. The State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees wherever additional insured status is required such additional insured shall be covered to the full limits of liability purchased by the Contractor, even if those limits of liability are in excess of those required by this Contract.

13.2.1.4.2. The Contractor's insurance coverage shall be primary insurance with respect to all other available sources.

13.2.1.4.3. Coverage provided by the Contractor shall not be limited to the liability assumed under the indemnification provisions of this Contract.

13.2.1.4.4. Third Party Liability: Coverage provided by the Contractor shall not be limited to the liability assumed under the indemnification provisions of this contract.

13.3. NOTICE OF CANCELLATION: Each insurance policy required by the insurance provisions of this Contract shall not be suspended, voided, cancelled, reduced in coverage or in limits except after thirty (30) days prior written notice has been given to the State of Arizona. Such notice shall be sent directly to Doug Milford at 100 N. 15th Ave., Suite 104, Phoenix, AZ 85007. Vendor will make best efforts to provide 30 days prior written notice of any material change in or cancellation of coverage.

13.4. ACCEPTABILITY OF INSURERS: Insurance is to be placed with duly licensed or approved non-admitted insurers in the State of Arizona with an "A.M. Best" rating of not less than A- VI). The State of Arizona in no way warrants that the above-required minimum insurer rating is sufficient to protect the Vendor from potential insurer insolvency.

13.5. VERIFICATION OF COVERAGE: Contractor shall furnish the State of Arizona with certificates of insurance (ACORD form or equivalent approved by the State of Arizona) as required by this Contract. The certificates for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf.

All certificates and endorsements are to be received and approved by the State of Arizona before work commences. Each insurance policy required by this Contract must be in effect at or prior to commencement of work under this Contract and remain in effect for the duration of the project. Failure to maintain the insurance policies as required by this Contract, or to provide evidence of renewal, is a material breach of contract.

All certificates required by this Contract shall be sent directly to Doug Milford at 100 N. 15th Ave., Suite 104, Phoenix, AZ 85007. The State of Arizona project/contract number and project description are to be noted on the certificate of insurance. Contractor will allow representatives of the State to view and validate at the Contractor's designated facilities that the Contractor has all insurance policies required by this contract. The State shall provide thirty (30) days advance written notice of such requests.

13.6. APPROVAL: Any modification or variation from the *insurance requirements* in this Contract must have prior approval from the State of Arizona Department of Administration, Risk Management Section, whose decision shall be final. Such action will not require a formal contract amendment, but may be made by administrative action.

13.7. EXCEPTIONS: In the event the Contractor or sub-contractor(s) is/are a public entity, then the Insurance Requirements shall not apply. Such public entity shall provide a Certificate of Self-Insurance. If the contractor or sub-contractor(s) is/are a State of Arizona agency, board, commission, or university then none of the above shall apply.

14. Price Increase

The State Procurement Office may review a fully documented request for a price increase. The requested increase shall be based upon a cost increase to the contractor that was clearly unpredictable at the time of the offer and is directly correlated to the price of the product concerned. The Enterprise Procurement Services Division shall determine whether the requested price increase or an alternate option, is in the best interest of the state.

Written request by the contractor is required thirty (30) days in advance of any desired price change. Following approval by the State Procurement Office, the request shall provide the following:

1. A formal announcement from the manufacturer that the cost of the contract product has been increased.
2. Documentation, i.e., published cost lists, from the manufacturer showing, to the satisfaction of the state, the actual cost increase.