



April 17, 2019

Krista Lee Carsner, Director
Fiscal Review Committee
Rachel Jackson Building, 8th Floor
320 Sixth Avenue North
Nashville, TN 37243

Mike Perry, Chief Procurement Officer
Central Procurement Office
Department of General Services
Tennessee Tower, 3rd Floor
Nashville, TN 37243

Justin P. Wilson, Comptroller of Treasury
Comptroller Procurement Compliance
Suite 1400, James K. Polk Building
505 Deaderick Street
Nashville, TN 37243-1402

RE: Proposed Amendment 1 to Edison Contract ID 56028

Dear Director Carsner, Chief Perry, and Comptroller Wilson:

The Department of Safety and Homeland Security (TDOSHS) is requesting the approval to amend the three (3) year maintenance and warranty contract with Intelligent Imaging Systems, Inc. that provides a support and maintenance plan for the Smart Roadside Inspection System (SRIS) used at the State's weigh stations and in the mobile screening system used throughout Tennessee.

Intelligent Imaging Systems, Inc. provides Support and Maintenance Services (SMS) including scheduled maintenance, software maintenance, plus an extended warranty on the existing systems that no longer have a manufacturer warranty. These services are provided on a system utilized by the agency's Commercial Vehicle Enforcement Division within the Tennessee Highway Patrol to pre-screen carriers and their commercial motor vehicles to ensure that inspections are conducted on carriers and vehicles that pose a higher risk of safety violations. This system uses an infrared inspection system in addition to thermal calibration to identify non-functioning brakes and vehicle running gear to enhance the CVE capabilities in determining which vehicles passing through the system are in need of further inspection. Commercial motor vehicles that are found to be defective are then removed from

the roads to improve public safety.

The agency is seeking permission to revise the Contract to add Contractor hosting services for the current system as well as, add the installation of the Contractor's Automated Thermal Imaging Inspection System (ATIS) at the I-40 East Bound Haywood Inspection facility (weigh station).

The current maximum liability of the contract is \$1,230,000. The addition of services and the addition of the ATIS at the East Bound Haywood inspection facility (weigh station) will cause the maximum liability to increase to \$1,672,500.00.

The Department of Safety and Homeland Security respectfully submits the above referenced request for consideration and approval.

Sincerely,



Sonya Hadley, Budget Director

Cc: Shoney Naquin, Procurement Supervisor
Sandra Braber-Grove, Assistant General Counsel

Supplemental Documentation Required for Fiscal Review Committee

Instructions:

1. No contract or contract amendment will be placed on the Committee's agenda for consideration until this form has been fully completed and all back-up documentation has been submitted.
2. Please complete each section as it applies to contracts or amendments that are being submitted. Sections denoted with an asterisk (*) are considered mandatory. This information should provide for background information on previous actions, if applicable, that have taken place on the contract document and associated amendments.
3. Add rows as necessary.
4. Submit this document, any attachments, your summary letter, and contract documentation for review by the Fiscal Review Committee.
5. **Contact Name:** Enter first and last name of person to contact with questions about this document or any of the submitted information.
6. **Contact Number:** Enter the telephone number (including extension) of the contact person listed.
7. **Presenter's Name(s):** Enter the name of each person who will be presenting this request to the Committee.
8. **Edison Contract Number:** Enter the contract number issued by the Edison system for this document.
9. **RFS Number:** Enter the Edison system issued RFS number for this document.
10. **Original Contract Begin Date:** Enter the beginning date of the original contract or the proposed effective date for new contracts.
11. **Current End Date:** Enter the end date that is currently reflected in Section B.1. of this contract (prior to amendment request if applicable) or the proposed end date for new contracts.
12. **Current Requested Amendment Number:** Enter the amendment number (*if applicable*) that is currently being requested.
13. **Proposed Amendment Effective Date:** Enter the proposed effective date for the requested amendment (*if applicable*).
14. **Department Submitting:** Enter the title of the agency/department submitting this request.
15. **Division:** Enter the title of the division within the agency/department submitting this request.
16. **Date Submitted:** Enter the date the request was sent to Fiscal Review Committee staff.

Supplemental Documentation Required for Fiscal Review Committee

17. **Submitted Within Sixty (60) days:** Enter yes or no in this blank if request was submitted within 60 days of the proposed effective date.
18. ***If not, explain:*** Provide detailed rationale as to why the deadline for submission was not met. ***Please Note:*** Late submissions will be rolled for one meeting and placed at the end of the agenda.
19. **Contract Vendor Name:** Enter the officially registered vendor name.
20. **Current or Proposed Maximum Liability:** Enter the dollar amount that is reflected on the most current fully executed contract summary sheet and in Section C. 1 or the proposed maximum liability for new contracts.
21. ***For commodities contracts, Estimated Total Spend:*** Enter the estimated total expenditures for the contract if the contract does not have a “maximum liability.”
22. **Current Contract Allocation by Fiscal Year:** Enter the amounts reflected on the contract summary sheet and the corresponding FY. If no contract summary sheet, enter the estimated spend per fiscal year. ****NOTE:** Total of all these columns must add up to maximum liability or estimated total spend as reported in Section 20 or 21 of this document.
23. **Current Total Expenditures by Fiscal Year:** By using Edison enter the amounts that have been expended from this contract by fiscal year breakdown. Not applicable (NA) for new contracts.
24. **Explanation of surplus funds:** If the allocation exceeded the expenditure in any fiscal year, enter the explanation of each surplus funding year.
25. **Explanation of carry forward:** If agency/department has carried forward the surplus funds, enter the authority (and provide copy with this document) of the carry forward provision.
26. **Explanation of overspending contract allocation:** If agency/department has overspent the contract allocation, enter the reasons for excess expenditures and how the funding was attained.
27. **Contract Funding Source/Amount:** Enter the dollar figure in the appropriate category to reflect the source of contract funding.
28. ***If Other, please define:*** If a dollar amount is placed in the “other” category, please define the source represented.
29. ***If Interdepartmental, please define:*** If a dollar amount is placed in the “interdepartmental” category, please define all sources represented.

Supplemental Documentation Required for
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30. **Dates of All Previous Amendments or Revisions:** Enter all dates of prior amendment and revision (*including Contract Summary Sheet revisions*) in this section.
31. **Brief Description of Actions in Previous Amendment or Revision:** Enter a brief summary of prior amendments or revisions next to the appropriate effective date of the amendment (e.g. increased maximum liability, added scope items, revised contract summary sheet to reflect funding change, etc.).
32. **Method of Original Award:** Enter the procurement method of original award if requesting amendment (e.g. RFP, Special Request).
33. **Projected Cost Prior to Award and Cost Determination Used:** Enter the total cost projected by the department prior to award and explain how the agency arrived at the estimate of expected costs.
34. **For ALL new sole-source contracts, list the number of potential vendors that could provide the service or goods being procured and why those other options were not considered:** List the number of potential vendors that could provide this good or service; efforts to identify reasonable, competitive procurement alternatives; and how the Department determined a sole-source contract was in the best interest of the State.

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*Contact Name:	Shoney Naquin	*Contact Phone:	(615) 251-5238		
*Presenter's name(s):	Colonel Dereck Stewart, Sandra Braber-Grove, Sonya Hadley				
Edison Contract Number: <i>(if applicable)</i>	56028	RFS Number: <i>(if applicable)</i>	34901-00405		
*Original or Proposed Contract Begin Date:	November 1, 2017	*Current or Proposed End Date:	October 31, 2020		
Current Request Amendment Number: <i>(if applicable)</i>	Not Applicable				
Proposed Amendment Effective Date: <i>(if applicable)</i>	June 17, 2019				
*Department Submitting:	Safety and Homeland Security				
*Division:	Budget				
*Date Submitted:	April 17, 2019				
*Submitted Within Sixty (60) days:	Yes				
<i>If not, explain:</i>					
*Contract Vendor Name:	Intelligent Imaging Systems, Inc.				
*Current or Proposed Maximum Liability:	\$1,672,500.00				
*Estimated Total Spend for Commodities:	\$0				
*Current or Proposed Contract Allocation by Fiscal Year: (as Shown on Most Current Fully Executed Contract Summary Sheet)					
FY: 2018	FY: 2019	FY: 2020	FY: 2021		
\$ 236,666.68	\$ 391,666.68	\$ 446,666.64	\$ 155,000.00		
*Current Total Expenditures by Fiscal Year of Contract: (attach backup documentation from Edison)					
FY: 2018	FY: 2019	FY: 2020	FY: 2021	FY	FY
\$ 177,500.00	\$ 489,577.35	\$ 0	\$ 0	\$	\$
IF Contract Allocation has been greater than Contract Expenditures, please give the reasons and explain where surplus funds were spent:		Not Applicable			
IF surplus funds have been carried forward, please give the reasons and provide the authority for the carry forward provision:		Not Applicable			
IF Contract Expenditures exceeded Contract Allocation, please give the reasons and explain how funding was acquired to pay the overage:		Not Applicable			

Supplemental Documentation Required for
Fiscal Review Committee

*Contract Funding Source/Amount:			
State:	\$0.00	Federal:	\$1,672,500.00
<i>Interdepartmental:</i>	\$0.00	<i>Other:</i>	\$0.00
If “ <i>other</i> ” please define:		Not Applicable	
If “ <i>interdepartmental</i> ” please define:		Not Applicable	
Dates of All Previous Amendments or Revisions: <i>(if applicable)</i>		Brief Description of Actions in Previous Amendments or Revisions: <i>(if applicable)</i>	
Not Applicable		Not Applicable	
Method of Original Award: <i>(if applicable)</i>		Not Applicable	
*What were the projected costs of the service for the entire term of the contract prior to contract award? How was this cost determined?		\$1,230,000.00; This cost was determined through quotes provided by the Sole Source Contractor.	
*List number of other potential vendors who could provide this good or service; efforts to identify other competitive procurement alternatives; and the reason(s) a sole-source contract is in the best interest of the State.		The support and maintenance services for the Intelligent Imaging Systems’ (IIS) Smart Roadside Automated Electronic Screening (also known as Smart Roadside Inspection System, or SRIS) cannot be provided by other potential vendors, because the systems were designed, created, and customized for use in Tennessee by the Sole Source Contractor. No other company is authorized to perform maintenance and support services on these systems. IIS pioneered the use of an infrared system over fifteen (15) years ago and their technology includes patented imaging-based processing in addition to thermal calibration applied dynamically in real-time variation with environmental temperatures.	

Purchase Orders against a Co	9
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Contract Number = 000000000000000000056028

Contract	Contract Line #	Unit	PO No.	Line	SetID	PO Date
000000000000000000056028	5	34901	0000038413	1	SHARE	2/20/2018
000000000000000000056028	5	34901	0000039438	1	SHARE	6/14/2018
000000000000000000056028	5	34901	0000039946	1	SHARE	8/6/2018
000000000000000000056028	6	34901	0000040744	1	SHARE	11/28/2018
000000000000000000056028	5	34901	0000040775	1	SHARE	12/3/2018
000000000000000000056028	6	34901	0000040775	2	SHARE	12/3/2018
000000000000000000056028	7	34901	0000040775	3	SHARE	12/3/2018
000000000000000000056028	5	34901	0000040858	1	SHARE	12/18/2018
000000000000000000056028	6	34901	0000041465	1	SHARE	2/25/2019

Quantity	UOM	PO Amount
1.0000	DO	\$ 88,750.00
1.0000	DO	\$ 88,750.00
1.0000	DO	\$ 88,750.00
1.0000	DO	\$ 102,116.06
1.0000	DO	\$ 94,479.17
1.0000	DO	\$ 5,729.17
1.0000	DO	\$ 1,907.72
1.0000	DO	\$ 102,116.06
1.0000	DO	\$ 94,479.17

Contract Max. Amt	Contract Remaining Amt
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\$	1,230,000.00	767154.770	
\$	1,230,000.00	767154.770	FY2018
\$	1,230,000.00	767154.770	FY2019
\$	1,230,000.00	767154.770	
\$	1,230,000.00	767154.770	
\$	1,230,000.00	767154.770	
\$	1,230,000.00	767154.770	
\$	1,230,000.00	767154.770	
\$	1,230,000.00	767154.770	
\$	1,230,000.00	767154.770	



STIS Pre-Approval Endorsement Request E-Mail Transmittal

Received by STIS on Thursday, January 3, 2019

TO : STIS Contracts
Department of Finance & Administration
E-mail : it.abc@tn.gov

FROM : Shoney Naquin
E-mail : shoney.naquin@tn.gov

DATE : January 2, 2019

RE : Request for STIS Pre-Approval Endorsement

Applicable RFS # 34901-00405

State Security Confidential Information Applicability

Under Tenn. Code Ann. §10-7-504(i) vendor identity or a description of the goods or services provided by the vendor shall be confidential.

- Applicable
 Not Applicable

Additional language is attached and endorsement is contingent upon inclusion of this additional language:

- Applicable
 Not Applicable

STIS Endorsement Signature & Date:

Chief Information Officer

NOTE: Proposed contract/grant support is applicable to the subject IT service technical merit.

Strategic Technology Solutions (STIS) pre-approval endorsement is required pursuant to procurement regulations pertaining to contracts with information technology as a component of the scope of service. This request seeks to ensure that STIS is aware of and has an opportunity to review the procurement detailed below and in the attached document(s). This requirement applies to any procurement method regardless of dollar amount.

Please indicate STIS endorsement of the described procurement (with the appropriate signature above), and return this document via e-mail at your earliest convenience.

Contracting Agency

Department of Safety and Homeland Security

Applicable RFS # 34901-00405	
Agency Contact (name, phone, e-mail)	Shoney Naquin, (615) 251-5238, shoney.naquin@tn.gov
<p>Attachments Supporting Request (mark all applicable)</p> <p>Note: The complete draft procurement document and the applicable documents listed below must accompany this request when submitted to STS. Special Contract Requests and Amendment Requests without Agency Head signature are acceptable. STS is aware that these documents will not have CPO signature when submitted with this request.</p> <p> <input type="checkbox"/> Solicitation Document <input type="checkbox"/> Special Contract Request <input type="checkbox"/> Amendment Request <input checked="" type="checkbox"/> Proposed Contract/Grant or Amendment <input type="checkbox"/> Original Contract/Grant and Previous Amendments (if any) </p>	
<p>Information Systems Plan (ISP) Project Applicability</p> <p>To avoid delay of STS pre-approval, the applicability of an ISP project to the procurement must be confirmed with agency IT staff prior to submitting this request to STS. If necessary, agency IT staff should contact STS Planning with questions concerning the need for an ISP project.</p> <p>IT Director/Staff Name Confirming (required): Tim Sundell</p> <p> <input checked="" type="checkbox"/> Applicable – Approved ISP Project# 1007847 <input type="checkbox"/> Not Applicable </p>	
<p>Subject Information Technology Service Description</p> <p>Provide a brief summary of the information technology services involved. Clearly identify included technologies such as system development/maintenance, security, networking, etc. As applicable, identify the contract or solicitation sections related to the IT services.</p> <p>Replacement of the physical servers in the State's data center by moving the central server functions to a Contractor-hosted environment.</p>	

Attachment: STS Endorsement Conditions
This STS endorsement is contingent upon modification of the procurement documents as described below.

Add the following to the Amendment text document under item 2 (new Contract Section A.9.).

- c. The Contractor will perform the Scheduled Maintenance activities listed in contract section A.6. to verify operational readiness of the hosted SRIS Enterprise prior to system go live. The Scheduled Maintenance activities must be completed successfully and be approved by the State in writing in order to promote the system to production status.
- d. The State and Contractor will work together to plan and execute a capacity evaluation prior to system go live. The capacity evaluation objective is to predict the system impact on the State network. The State will use the capacity evaluation results to upgrade network capacity if needed. The capacity evaluation will test end site network performance and performance of the State's internet connection(s).
 - (1) The capacity evaluation plan will define State and Contractor responsibilities, evaluation methods (test scenarios) and metrics, and minimum acceptable values for the metrics (test results).
 - (2) The State and Contractor will perform the capacity evaluation test according to the plan. The State will assign technical staff to form a capacity evaluation test team. Team members will represent all areas relevant to the system's technical design. The State capacity evaluation test team will support and participate in the capacity evaluation test. The Contractor shall conduct all planned capacity evaluation testing in cooperation with the State capacity evaluation test team. If the system does not meet the minimum acceptable performance metrics, the State and Contractor will develop a remediation plan specifying changes needed to bring the system into compliance. Such changes may include upgrades to the Contractor's environment or the State's infrastructure.

Amendment Request

This request form is not required for amendments to grant contracts. Route a completed request, as one file in PDF format, via e-mail attachment sent to: Agsprs.Agsprs@tn.gov

APPROVED	
CHIEF PROCUREMENT OFFICER	DATE

Agency request tracking #	34901-00405
1. Procuring Agency	Tennessee Department of Safety and Homeland Security (TDOSHS)
2. Contractor	Intelligent Imaging Systems, Inc. (IIS)
3. Edison contract ID #	56028
4. Proposed amendment #	01
5. Contract's Original Effective Date	February 01, 2018
6. Current end date	January 31, 2021
7. Proposed end date	January 31, 2021
8. Current Maximum Liability or Estimated Liability	\$ 1,230,000.00
9. Proposed Maximum Liability or Estimated Liability	\$ 1,672,500.00
10. Strategic Technology Solutions Pre-Approval Endorsement Request – <i>information technology service (N/A to THDA)</i>	<input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Attached
11. eHealth Pre-Approval Endorsement Request – <i>health-related professional, pharmaceutical, laboratory, or imaging</i>	<input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Attached
12. Human Resources Pre-Approval Endorsement Request – <i>state employee training service</i>	<input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Attached
13. Explain why the proposed amendment is needed The proposed amendment is needed to revise the Scope of Services to 1) add Contractor hosting services for the Smart Roadside Inspection System (SRIS) used at the State's weigh stations and in the mobile screening system used throughout Tennessee and add funding for these services; and 2) add installation of this Contractor's Automated Thermal Imaging Inspection System (ATIS) at the I-40 East Bound Haywood inspection facility (weigh station).	
14. If the amendment involves a change in Scope, describe efforts to identify reasonable, competitive, procurement alternatives to amending the contract. The change in the Scope for #1 in the response to Item #13 is needed because the current physical server that stores this data has reached the end of its technical life and is no longer capable of receiving software updates and upgrades as well as not being able to provide the State with new reporting capabilities. This Contractor's system (Smart Roadside Inspection System - SRIS) is used throughout Tennessee to assist us in the selection and inspection of commercial motor vehicles that may be defective, posing a safety hazard, and enable us to decrease safety violations by removing these vehicles from the roadways. Amending the Contract to add these services is more cost-effective than purchasing and maintaining a new physical server. The change in the Scope for #2 in the response to Item #13 is needed because installation of the requested ATIS can only be performed by this Contractor and will be fully integrated into the existing Smart Roadside Inspection System (SRIS) at this site. This Contractor's systems are in use at the State's other inspection facilities (weigh stations)	

Agency request tracking #

34901-00405

and having this Contractor perform this work will help ensure uniformity in inspections across Tennessee. The Contractor's proprietary technology includes patent pending imaging-based processing unique to the ATIS in addition to thermal calibrations applied dynamically in real-time variation with environmental temperatures. The ATIS' unique technology produces field-proven 99% wheel identification for superior safety screening performance and assists in the selection and inspection of commercial vehicles and enhances the enforcement capabilities of the inspection facility to identify out-of-service semi-trucks and trailers and keep roadways safe.

Signature of Agency Head or Authorized Designee, Title of Signatory, and Date (the authorized designee may sign his or her own name if indicated on the Signature Certification and Authorization document)



Jeff Long, Commissioner

04-17-19

DATE



CONTRACT AMENDMENT COVER SHEET

Agency Tracking # 34901-00405	Edison ID 56028	Contract # 56028	Amendment # 01		
Contractor Legal Entity Name Intelligent Imaging Systems, Inc. (IIS)			Edison Vendor ID 0000152335		
Amendment Purpose & Effect(s) The purpose of this Amendment One is to revise the Scope of Services to 1) add Contractor hosting services for the Smart Roadside Inspection System (SRIS) used at the State's weigh stations and in the mobile screening system used throughout Tennessee and add funding for these services; and 2) installation of an Automated Thermal Imaging Inspection System (ATIS) at the I-40 East Bound Haywood inspection facility (weigh station).					
Amendment Changes Contract End Date: <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO		End Date: January 31, 2021			
TOTAL Contract Amount <u>INCREASE</u> or <u>DECREASE</u> per this Amendment (zero if N/A):			\$ 442,500.00		
Funding —					
FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2018	\$0.00	\$147,916.65	\$0.00	\$0.00	\$147,916.65
2019	\$0.00	\$442,916.66	\$0.00	\$0.00	\$442,916.66
2020	\$0.00	\$745,416.69	\$0.00	\$0.00	\$745,416.69
2021	\$0.00	\$336,250.00	\$0.00	\$0.00	\$336,250.00
TOTAL:	\$0.00	\$1,672,500.00	\$0.00	\$0.00	\$1,672,500.00
Budget Officer Confirmation: There is a balance in the appropriation from which obligations hereunder are required to be paid that is not already encumbered to pay other obligations.				<i>CPO USE</i>	
Speed Chart (optional)		Account Code (optional)			

**AMENDMENT ONE
OF CONTRACT 56028**

This Amendment is made and entered by and between the State of Tennessee, Department of Safety and Homeland Security, hereinafter referred to as the "State" and Intelligent Imaging Systems, Inc. (IIS), hereinafter referred to as the "Contractor." For good and valuable consideration, the sufficiency of which is hereby acknowledged, it is mutually understood and agreed by and between said, undersigned contracting parties that the subject contract is hereby amended as follows:

1. Contract Section A.4. is deleted in its entirety and replaced with the following:
 - A.4. Overview of Support and Maintenance Services. The Contractor shall provide Support and Maintenance Services (SMS) to include scheduled maintenance, including software maintenance, plus an extended warranty on the existing systems that are off the manufacturer warranty. The State reserves the right to add additional systems throughout the Contract Term. The SMS plan is a comprehensive and proactive approach to ensuring that deployed systems operate to the highest possible standard, with a minimum of unexpected downtime or reduced function, while also ensuring that uptime of the system operation is maintained. The SMS plan is comprised of the following five (5) components, explained in further detail in Sections A.5. through A.9.:
 - a. Extended Warranty.
 - b. Scheduled Maintenance.
 - c. Software Services.
 - d. Unplanned Repairs.
 - e. Hosted SRIS Enterprise.

2. The following are added as new Contract Sections A.9. and A.10. and the current Contract Sections A.9. and A.10. will be renumbered as A.11. and A.12.:
 - A.9. Hosted SRIS Enterprise.
 - a. The Contractor shall replace the current physical server housed at the State's data center, which has come to the end of its technical life, by moving the central server functions to a Contractor-hosted environment. The Contractor shall also update and upgrade the Enterprise software in the Contractor-hosted environment because the current hardware is not capable of allowing new software updates to the Enterprise software. The hosted environment is able to support Smart Roadside Enterprise updates and will provide the State with new reporting capabilities that are not capable of being supported in the current set-up. As processing needs increase and data storage needs increase, the hosted environment will be upgraded as needed at no additional cost or involvement by the State. The Contractor shall constantly monitor the hosted environment for security and operational integrity and status.
 - b. The Contractor shall work with the State as needed for data conversion and/or transfer of existing and/or historical data as needed for the move from a physical server to a Contractor-hosted environment as described in Section A.9.a. If requested by the State, the Contractor shall conduct a test move of the data to the Contractor-hosted environment prior to moving all data.
 - c. The Contractor shall perform the Scheduled Maintenance activities listed in Contract Section A.6. to verify operational readiness of the hosted SRIS Enterprise prior to system go live. The scheduled maintenance activities shall be completed successfully and be approved by the State in writing in order to promote the system to production status.
 - d. The State and Contractor shall work together to plan and execute a capacity evaluation prior to system go live. The capacity evaluation objective is to predict

the system impact on the State network. The State shall use the capacity evaluation results to upgrade network capacity if needed. The capacity evaluation shall test end site network performance and performance of the State's internet connection(s).

- (1) The capacity evaluation plan shall define State and Contractor responsibilities, evaluation methods (test scenarios) and metrics, and minimum acceptable values for the metrics (test results).
- (2) The State and Contractor shall perform the capacity evaluation test according to the plan. The State shall assign technical staff to form a capacity evaluation test team. Team members shall represent all areas relevant to the system's technical design. The State capacity evaluation test team shall support and participate in the capacity evaluation test. The Contractor shall conduct all planned capacity evaluation testing in cooperation with the State capacity evaluation test team. If the system does not meet the minimum acceptable performance metrics, the State and Contractor shall develop a remediation plan specifying changes needed to bring the system into compliance. Such changes may include upgrades to the Contractor's environment or the State's infrastructure.

A.10. Installation of the Automated Thermal Imaging Inspection System (ATIS) at the I-40 East Bound Haywood Inspection Facility (Weigh Station). The Contractor shall provide the following services and equipment as needed for full installation of the ATIS at this site:

- a. ATIS sensors and triggers, installed, which includes: two (2) thermal cameras and all accessories; overview camera and all accessories; and all poles, cabling, and roadside cabinets.
- b. ATIS system equipment and scale house workstation, which includes: personal computer (PC), uninterruptable power supply (UPS), monitor, keyboard, mouse, and communication equipment.
- c. ATIS software (SW), which includes: local user interface fully integrated into the existing Smart Roadside Inspection System (SRIS) in use at this site.
- d. All design and engineering services; all civil and construction work needed for full installation; and all installation, mobilization, and freight needed for full installation.
- e. A full one-year warranty that begins at completion of full installation and covers all parts and labor.

3. Contract Section C.1. is deleted in its entirety and replaced with the following:

C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed One Million Six Hundred Seventy Two Thousand Five Hundred Dollars and Zero Cents (\$1,672,500.00) ("Maximum Liability"). This Contract does not grant the Contractor any exclusive rights. The State does not guarantee that it will buy any minimum quantity of goods or services under this Contract. Subject to the terms and conditions of this Contract, the Contractor will only be paid for goods or services provided under this Contract after a purchase order is issued to Contractor by the State or as otherwise specified by this Contract.

4. The Payment Methodology chart (Contract Section C.3.b.) and subsections C.3.d. and C.3.e. are deleted in their entirety and replaced with the following:

- b. The Contractor shall be compensated based upon the following payment methodology:

Goods or Services Description	Amount (per compensable increment)
Scheduled Maintenance and Extended Warranty Per Site (Year 1)	\$ 420,000.00
Scheduled Maintenance and Extended Warranty Per Site (Year 2)	\$ 475,000.00
Scheduled Maintenance and Extended Warranty Per Site (Year 3)	\$ 530,000.00
Installation of ATIS at I-40 East Bound Haywood inspection facility (see Section A.10.)	\$ 247,500.00 (payable upon completion)

- c. Sites Off Warranty in Year 1: Giles SRIS Ramp; Giles ATIS Ramp; Greene SRIS Ramp; Knox EB SRIS Ramp; Mobile Command Center (FLIR Camera Extra); Mobile Trailer; Enterprise SRIS in Nashville; Portland SRIS Ramp; Portland W31 Virtual; Knox WB SRIS Ramp; Coffee County WB Ramp; Coffee County WB ATIS Ramp; Coffee County EB Virtual.
- d. Sites Off Warranty in Year 2: All of what is listed in Section C.3.c. plus Haywood County EB and WB systems, excluding the ATIS at Haywood EB (see Section A.10).
- e. Sites Off Warranty in Year 3: All of what is listed in Sections C.3.c. and C.3.d. plus Unicoi County Virtual and the ATIS at Haywood EB (see Section A.10.).

5. The following is added as new Contract Section E.12.:

E.12. Contractor Hosted Services Confidential Data, Audit, and Other Requirements

- a. "Confidential State Data" is defined as data deemed confidential by State or Federal statute or regulation. The Contractor shall protect Confidential State Data as follows:
 - (1) The Contractor shall ensure that all Confidential State Data is housed in the continental United States, inclusive of backup data.
 - (2) The Contractor shall encrypt Confidential State Data at rest and in transit using the current version of Federal Information Processing Standard ("FIPS") 140-2 validated encryption technologies.
 - (3) The Contractor and the Contractor's processing environment containing Confidential State Data shall either (1) be in accordance with at least one of the following security standards: (i) International Standards Organization ("ISO") 27001; (ii) Federal Risk and Authorization Management Program ("FedRAMP"); or (2) be subject to an annual engagement by a CPA firm in accordance with the standards of the American Institute of Certified Public Accountants ("AICPA") for a System and Organization Controls for service organizations ("SOC") Type II audit. The State shall approve the SOC audit control objectives. The Contractor shall provide proof of current ISO certification or FedRAMP authorization for the Contractor and Subcontractor(s), or provide the State with the Contractor's and Subcontractor's annual SOC Type II audit report within 30 days from when the CPA firm provides the audit report to the Contractor or Subcontractor. The Contractor shall submit

corrective action plans to the State for any issues included in the audit report within 30 days after the CPA firm provides the audit report to the Contractor or Subcontractor.

If the scope of the most recent SOC audit report does not include all of the current State fiscal year, upon request from the State, the Contractor must provide to the State a letter from the Contractor or Subcontractor stating whether the Contractor or Subcontractor made any material changes to their control environment since the prior audit and, if so, whether the changes, in the opinion of the Contractor or Subcontractor, would negatively affect the auditor's opinion in the most recent audit report.

No additional funding shall be allocated for these certifications, authorizations, or audits as these are included in the Maximum Liability of this Contract.

- (4) The Contractor must annually perform Penetration Tests and Vulnerability Assessments against its Processing Environment. "Processing Environment" shall mean the combination of software and hardware on which the Application runs. "Application" shall mean the computer code that supports and accomplishes the State's requirements as set forth in this Contract. "Penetration Tests" shall be in the form of attacks on the Contractor's computer system, with the purpose of discovering security weaknesses which have the potential to gain access to the Processing Environment's features and data. The "Vulnerability Assessment" shall be designed and executed to define, identify, and classify the security holes (vulnerabilities) in the Processing Environment. The Contractor shall allow the State, at its option, to perform Penetration Tests and Vulnerability Assessments on the Processing Environment.
- (5) Upon State request, the Contractor shall provide a copy of all Confidential State Data it holds. The Contractor shall provide such data on media and in a format determined by the State
- (6) Upon termination of this Contract and in consultation with the State, the Contractor shall destroy all Confidential State Data it holds (including any copies such as backups) in accordance with the current version of National Institute of Standards and Technology ("NIST") Special Publication 800-88. The Contractor shall provide a written confirmation of destruction to the State within ten (10) business days after destruction.

b. Minimum Requirements

- (1) The Contractor and all data centers used by the Contractor to host State data, including those of all Subcontractors, must comply with the State's Enterprise Information Security Policies as amended periodically. The State's Enterprise Information Security Policies document is found at the following URL:
<https://www.tn.gov/finance/strategic-technology-solutions/strategic-technology-solutions/sts-security-policies.html>.
- (2) The Contractor agrees to maintain the Application so that it will run on a current, manufacturer-supported Operating System. "Operating System" shall mean the software that supports a computer's basic functions, such as scheduling tasks, executing applications, and controlling peripherals.

- (3) If the Application requires middleware or database software, Contractor shall maintain middleware and database software versions that are at all times fully compatible with current versions of the Operating System and Application to ensure that security vulnerabilities are not introduced.

c. **Comptroller Audit Requirements**

Upon reasonable notice and at any reasonable time, the Contractor and Subcontractor(s) agree to allow the State, the Comptroller of the Treasury, or their duly appointed representatives to perform information technology control audits of the Contractor and all Subcontractors used by the Contractor. Contractor will maintain and cause its Subcontractors to maintain a complete audit trail of all transactions and activities in connection with this Contract. Contractor will provide to the State, the Comptroller of the Treasury, or their duly appointed representatives access to Contractor and Subcontractor(s) personnel for the purpose of performing the information technology control audit.

The information technology control audit may include a review of general controls and application controls. General controls are the policies and procedures that apply to all or a large segment of the Contractor's or Subcontractor's information systems and applications and include controls over security management, access controls, configuration management, segregation of duties, and contingency planning. Application controls are directly related to the application and help ensure that transactions are complete, accurate, valid, confidential, and available. The audit shall include the Contractor's and Subcontractor's compliance with the State's Enterprise Information Security Policies and all applicable requirements, laws, regulations or policies.

The audit may include interviews with technical and management personnel, physical inspection of controls, and review of paper or electronic documentation.

For any audit issues identified, the Contractor and Subcontractor(s) shall provide a corrective action plan to the State within 30 days from the Contractor or Subcontractor receiving the audit report.

Each party shall bear its own expenses incurred while conducting the information technology controls audit.

d. **Business Continuity Requirements.** The Contractor shall maintain set(s) of documents, instructions, and procedures which enable the Contractor to respond to accidents, disasters, emergencies, or threats without any stoppage or hindrance in its key operations ("Business Continuity Requirements"). Business Continuity Requirements shall include:

- (1) "Disaster Recovery Capabilities" refer to the actions the Contractor takes to meet the Recovery Point and Recovery Time Objectives defined below. Disaster Recovery Capabilities shall meet the following objectives:
 - i. Recovery Point Objective ("RPO"). The RPO is defined as the maximum targeted period in which data might be lost from an IT service due to a major incident: **[NUMBER OF HOURS/MINUTES]**

ii. Recovery Time Objective (“RTO”). The RTO is defined as the targeted duration of time and a service level within which a business process must be restored after a disaster (or disruption) in order to avoid unacceptable consequences associated with a break in business continuity: **[NUMBER OF HOURS/MINUTES]**

(2) The Contractor shall perform at least one Disaster Recovery Test every three hundred sixty-five (365) days. A “Disaster Recovery Test” shall mean the process of verifying the success of the restoration procedures that are executed after a critical IT failure or disruption occurs. The Disaster Recovery Test shall use actual State Data Sets that mirror production data, and success shall be defined as the Contractor verifying that the Contractor can meet the State’s RPO and RTO requirements. A “Data Set” is defined as a collection of related sets of information that is composed of separate elements but can be manipulated as a unit by a computer. The Contractor shall provide written confirmation to the State after each Disaster Recover Test that its Disaster Recovery Capabilities meet the RPO and RTO requirements.

Required Approvals. The State is not bound by this Amendment until it is signed by the contract parties and approved by appropriate officials in accordance with applicable Tennessee laws and regulations (depending upon the specifics of this contract, said officials may include, but are not limited to, the Commissioner of Finance and Administration, the Commissioner of Human Resources, and the Comptroller of the Treasury).

Amendment Effective Date. The revisions set forth herein shall be effective June 17, 2019. All other terms and conditions of this Contract not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF,

INTELLIGENT IMAGING SYSTEMS, INC. (IIS):

SIGNATURE

DATE

PRINTED NAME AND TITLE OF SIGNATORY (above)

DEPARTMENT OF SAFETY AND HOMELAND SECURITY:

JEFF LONG, COMMISSIONER

DATE

**CONTRACT**

(fee-for-goods or services contract with an individual, business, non-profit, or governmental entity of another state)

Begin Date February 1, 2018	End Date January 31, 2021	Agency Tracking # 34901-00405	Edison Record ID 56028		
Contractor Legal Entity Name Intelligent Imaging Systems, Inc. (IIS)			Edison Vendor ID 0000152335		
Goods or Services Caption (one line only) Support and Maintenance Services (SMS) Plan for the Smart Roadside Inspection System (SRIS) used at the State's weigh stations and in the mobile screening system used throughout Tennessee					
Contractor <input checked="" type="checkbox"/> Contractor		CFDA # 20.218			
Funding —					
FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2018	\$0.00	\$147,916.65	\$0.00	\$0.00	\$147,916.65
2019	\$0.00	\$377,916.66	\$0.00	\$0.00	\$377,916.66
2020	\$0.00	\$432,916.69	\$0.00	\$0.00	\$432,916.69
2021	\$0.00	\$271,250.00	\$0.00	\$0.00	\$271,250.00
TOTAL:	\$0.00	\$1,230,000.00	\$0.00	\$0.00	\$1,230,000.00
Contractor Ownership Characteristics:					
<input type="checkbox"/> Minority Business Enterprise (MBE): <input type="checkbox"/> African American <input type="checkbox"/> Asian American <input type="checkbox"/> Hispanic American <input type="checkbox"/> Native American					
<input type="checkbox"/> Woman Business Enterprise (WBE)					
<input type="checkbox"/> Tennessee Service Disabled Veteran Enterprise (SDVBE)					
<input type="checkbox"/> Disabled Owned Business (DSBE)					
<input type="checkbox"/> Tennessee Small Business Enterprise (SBE): \$10,000,000.00 averaged over a three (3) year period or employs no more than ninety-nine (99) employees.					
<input type="checkbox"/> Government <input type="checkbox"/> Non-Minority/Disadvantaged <input checked="" type="checkbox"/> Other: N/A					
Selection Method & Process Summary (mark the correct response to confirm the associated summary)					
<input type="checkbox"/> Competitive Selection					
<input checked="" type="checkbox"/> Other					
These services are being procured through an approved Special Contract Request as a sole-source procurement.					
Budget Officer Confirmation: There is a balance in the appropriation from which obligations hereunder are required to be paid that is not already encumbered to pay other obligations.					
Digitally signed by Sonya Hadley, Budget Director DN: cn=Sonya Hadley, Budget Director, o=TN Department of Safety and Homeland Security, ou, email=sonya.hadley@tn.gov, c=US Date: 2018.01.24 12:35:44 -06'00'					
Speed Chart (optional)			Account Code (optional)		
Sonya Hadley, Budget Director					

**CONTRACT
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF SAFETY AND HOMELAND SECURITY
AND
INTELLIGENT IMAGING SYSTEMS, INC.**

This Contract, by and between the State of Tennessee, State Agency Name ("State") and Contractor Legal Entity Name ("Contractor"), is for the provision of Scope of Goods or Services Caption, as further defined in the "SCOPE." State and Contractor may be referred to individually as a "Party" or collectively as the "Parties" to this Contract.

The Contractor is a For-Profit Corporation.

Contractor Place of Incorporation or Organization: Edmonton, Alberta, Canada

Contractor Edison Registration ID # 0000152335

A. SCOPE:

- A.1. The Contractor shall provide all goods or services and deliverables as required, described, and detailed below and shall meet all service and delivery timelines as specified by this Contract.
- A.2. Background. The State's Commercial Vehicle Enforcement Division operates commercial vehicle inspection sites (otherwise known as weigh stations/scales), and operates a mobile unit, throughout Tennessee. Major vehicle enforcement activities include inspecting commercial vehicles and driver logs and weighing commercial vehicles at both the weigh stations (interstate inspection stations) and portable scales along the highways. Each of these systems aid in the pre-screening of carriers and their vehicles to ensure that inspections are conducted on carriers and vehicles that pose a higher risk of safety violations. Defective commercial motor vehicles are then removed from the roads to improve public safety.
- A.3. Overview of the Smart Roadside™ Inspection System (SRIS). The Contractor's Smart Roadside™ Inspection System (SRIS), is an automated electronic screening system that uses an infrared inspection system in addition to thermal calibration applied dynamically in real-time variation with environmental temperatures. The system operates automatically using machine vision to identify non-functioning brakes and vehicle running gear to enhance the commercial vehicle enforcement (CVE) capabilities by assisting inspectors in determining which vehicles passing through the system are in need of further inspection. The use of this system results in an increase in the number of defective commercial motor vehicles removed from the roads.
- A.4. Overview of Support and Maintenance Services. The Contractor shall provide Support and Maintenance Services (SMS) to include scheduled maintenance, including software maintenance, plus an extended warranty on the existing systems that are off the manufacturer warranty. The State reserves the right to add additional systems throughout the Contract Term. The SMS plan is a comprehensive and proactive approach to ensuring that deployed systems operate to the highest possible standard, with a minimum of unexpected downtime or reduced function, while also ensuring that uptime of the system operation is maintained. The SMS plan is comprised of the following four (4) components, explained in further detail in Sections A.5. through A.8.:
- a. Extended Warranty.
 - b. Scheduled Maintenance.
 - c. Software Services.
 - d. Unplanned Repairs.
- A.5. Extended Warranty. Under this part of the SMS plan, the Contractor shall extend the initial standard system warranty at delivery to ensure that the systems are 1) free from defects in materials and workmanship; and 2) conform to the Contractor's system specifications at time of delivery. During the extended warranty period, the Contractor shall provide repair and exchange service for the system components without charge. If a system does not function as warranted during the warranty period, the Contractor shall make it do so by repairing or replacing the system or system components, to return the system to conform to the Contractor's system specifications.

The Contractor shall not be responsible for damage or equipment failure due to the following conditions; the Parties shall work together to determine responsibility:

- a. External causes such as accident, abuse, or negligence.
- b. Problems caused by electrical service.
- c. Modifications not authorized by the Contractor.
- d. Problems caused by using accessories, parts, or components not supplied by the Contractor.
- e. Products with missing or altered service tags or serial numbers.
- f. Sensor failure resulting from road pavement deterioration.

A.6. Scheduled Maintenance. Under this part of the SMS plan, the Contractor shall perform scheduled maintenance at regularly scheduled intervals agreed upon between the Parties. At each scheduled maintenance inspection, the Contractor shall perform the following tasks:

- a. Physical check of all system components at each site including:
 - (1) Lens cleaning / general cleaning;
 - (2) Visual inspection of wiring and connections;
 - (3) Power systems check;
 - (4) General electronics hardware check including power supplies; and
 - (5) Cabinet condition, fans, filters, and air conditioning systems.
- b. Verify operation of road sensors:
 - (1) Road sensors will be visually inspected at six (6)-month intervals. If required, road closures will be supplied by the Contractor and the road sensors will be inspected in detail, including any resealing and maintenance with the exception of distress or failure of the road pavement;
 - (2) Trigger sensor operation and integrity; and
 - (3) In-road sensor operation and integrity.
- c. End-to-end system testing:
 - (1) Imaging system operation;
 - (2) Communication systems check;
 - (3) Processor check / data check;
 - (4) Station workstation check;
 - (5) Operational performance test; and
 - (6) Verify operations of Uninterruptable Power Supply (UPS) and power protection systems.
- d. System adjustments and calibration:
 - (1) Reset and refocus any out of alignment cameras;
 - (2) Ensure backup systems are operational; and
 - (3) Ensure relevant software upgrades/patches have been applied.
- e. Preventative maintenance report: The Contractor shall prepare a preventative maintenance report as part of each scheduled maintenance inspection.

A.7. Software Services. For sites that include the Smart Roadside Program Management System, the Contractor shall provide the following Software Services:

- a. SmartStatus 24x7 remote system monitoring:
 - (1) The Contractor shall perform ongoing remote monitoring of the system operation and status of system components. As part of this service, the Contractor shall

supply the State regular site updates on system performance and operation in a quarterly status report; and

- (2) If the operation of the system or system components falls outside of normal specified operational parameters, a system alert will be sent to the Contractor's Network Operations Center. All alerts will be reviewed, addressed, or proactively logged as a Service Ticket on behalf of the State if required. Service Tickets will be addressed as explained in Unplanned Repairs (Section A.8.).
- b. Unlimited telephone support: The State will have toll-free access to the Contractor's service desk to address any questions on system operations or issues that might arise. Issues that cannot be resolved by telephone will be addressed through the generation of a Service Ticket. Service Tickets will be addressed as explained in Unplanned Repairs (Section A.8.).
 - c. Ongoing operator training: The Contractor shall perform ongoing operator training once per year at a time and place agreed upon by the Parties. This will include refresher training on system operation at one (1) location. The Contractor shall supply the necessary training materials and presentation aids in sufficient quantities, and in both paper copy and electronic copy. The State shall be permitted to make additional copies of any such training materials and presentation aids. The State shall be responsible for a suitable training venue if not at a weigh station location. The Contractor offers regular web-based training on its systems and the State is encouraged to schedule participation in these web-based training sessions.
 - d. Lifecycle support: The Contractor is continually improving and releasing new features to its system. Lifecycle Support provides the State with automatic installation of all system patches and service updates. The Contractor shall work with the State to test and implement all new version releases and upgrades.
 - e. Future requests, custom program development, and information technology (IT) technical services: The Contractor will accept requests from the State for new features or modifications for the Smart Roadside Program Management Systems software. All such requests will be acknowledged and may be considered within the Contractor's product enhancement and development planning process. Feature additions or modifications that are not being implemented in future versions will be quoted separately by the Contractor for consideration by the State as custom development. The Contractor, and its software development team, welcomes the opportunity to work with clients on custom software consulting, design, and development projects on a unit rate or fixed-fee basis. The Contractor, and its IT team, welcomes the opportunity to work with clients on technical infrastructure consulting, design, and implementation projects on a unit rate or fixed-fee basis.

A.8. Unplanned Repairs.

- a. Should unplanned repairs arise, requests for unplanned repairs shall be communicated to the Contractor by the State either by telephone or electronic mail (e-mail) to the following contacts:
 - (1) Contractor's Service Desk Telephone Number: (877) 393-3939; and
 - (2) Contractor's Service Desk E-mail Address: service@intelligentimagingssystem.com; or through the Contractor's website at www.intelligentimagingssystem.com.
- b. Service requests are responded to by the Contractor contacting the State and attempting resolution over the phone, issuing a service ticket where applicable (including a unique service number for tracking, planning, and reporting). If the service request is not immediately resolved, the Contractor shall follow up with a service resolution plan that includes the categorization of the service request as one of the following:

- (1) Priority 1 = Emergency;
 (2) Priority 2 = Critical;
 (3) Priority 3 = Non-Critical; or
 (4) Priority 4 = Scheduled.
- c. The Contractor shall remotely access the systems identified in the emergency service request and will remotely repair or diagnose the issue if possible. The State will be advised of the most probable cause of the issue and the will be categorized as either an operational failure or an operational performance issue.
- (1) Operational failures will apply in situations where the system is unavailable for use and will be identified as Priority 1 (Emergency) or Priority 2 (Critical). The difference between Priority 1 and Priority 2, in general, is that Priority 1 situations require repairs to address safety concerns and Priority 2 situations require repairs to reinstate a lack of operational status not affecting safety;
- (2) In the case of Priority 1 or Priority 2 events, the Contractor shall advise the State of the resolution plan of the action to be taken and services will be dispatched to the site according to the resolution plan.
- (3) Operational performance issues will include situations where the bulk of the system remains operational with a minor degrade in performance from a failed, intermittent, or out-of-calibration component. These situations will be identified as Priority 3 (Non-Critical) or Priority 4 (Scheduled). The Contractor shall work with the State on a plan of action to remedy these situations.
- d. Service response and performance times will be as follows:

Task	Response Time	Resolution Time
Scheduled Maintenance site visits	N/A	To occur in at least six (6) month intervals
Initial response to unplanned service call and service ticket issuance (if required)	Four (4) Business Hours*	N/A
Remote access to system and categorization of service request	Eight (8) Business Hours*	N/A
Priority 1 (Emergency) Service Ticket	Twelve (12) Business Hours*	High Priority
Priority 2 (Critical) Service Ticket	Twenty-Four (24) Business Hours*	Standard Priority
Priority 3 (Non-Critical) Service Ticket	Five (5) Business Days	Low Priority
Priority 4 (Scheduled) Service Ticket	Five (5) Business Days	At Scheduled Service
Service Report and Summary	Annually	

*Business Hours are Monday through Friday; 0800 to 1700 Mountain Standard Time

Service Tickets will remain outstanding (open) until the matter is resolved. Once a Service Ticket is resolved, the Contractor shall prepare a full, written, service report that will be submitted to the State.

- A.9. Warranty. Contractor represents and warrants that the term of the warranty (“Warranty Period”) shall be the greater of the Term of this Contract or any other warranty generally offered by Contractor, its suppliers, or manufacturers to customers of its goods or services. The goods or services provided under this Contract shall conform to the terms and conditions of this Contract throughout the Warranty Period. Any nonconformance of the goods or services to the terms and conditions of this Contract shall constitute a “Defect” and shall be considered “Defective.” If Contractor receives notice of a Defect during the Warranty Period, then Contractor shall correct the Defect, at no additional charge.

Contractor represents and warrants that the State is authorized to possess and use all equipment, materials, software, and deliverables provided under this Contract.

Contractor represents and warrants that all goods or services provided under this Contract shall be provided in a timely and professional manner, by qualified and skilled individuals, and in conformity with standards generally accepted in Contractor’s industry.

If Contractor fails to provide the goods or services as warranted, then Contractor will re-provide the goods or services at no additional charge. If Contractor is unable or unwilling to re-provide the goods or services as warranted, then the State shall be entitled to recover the fees paid to Contractor for the Defective goods or services. Any exercise of the State’s rights under this Section shall not prejudice the State’s rights to seek any other remedies available under this Contract or applicable law.

- A.10. Inspection and Acceptance. The State shall have the right to inspect all goods or services provided by Contractor under this Contract. If, upon inspection, the State determines that the goods or services are Defective, the State shall notify Contractor, and Contractor shall re-deliver the goods or provide the services at no additional cost to the State. If after a period of thirty (30) days following delivery of goods or performance of services the State does not provide a notice of any Defects, the goods or services shall be deemed to have been accepted by the State.

B. TERM OF CONTRACT:

This Contract shall be effective on February 1, 2018 (“Effective Date”) and extend for a period of thirty-six (36) months after the Effective Date (“Term”). The State shall have no obligation for goods or services provided by the Contractor prior to the Effective Date.

C. PAYMENT TERMS AND CONDITIONS:

- C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed One Million Two Hundred Thirty Thousand Dollars and Zero Cents (\$1,230,000.00) (“Maximum Liability”). This Contract does not grant the Contractor any exclusive rights. The State does not guarantee that it will buy any minimum quantity of goods or services under this Contract. Subject to the terms and conditions of this Contract, the Contractor will only be paid for goods or services provided under this Contract after a purchase order is issued to Contractor by the State or as otherwise specified by this Contract.
- C.2. Compensation Firm. The payment methodology in Section C.3. of this Contract shall constitute the entire compensation due the Contractor for all goods or services provided under this Contract regardless of the difficulty, materials or equipment required. The payment methodology includes all applicable taxes, fees, overhead, and all other direct and indirect costs incurred or to be incurred by the Contractor.
- C.3. Payment Methodology. The Contractor shall be compensated based on the payment methodology for goods or services authorized by the State in a total amount as set forth in Section C.1.

- a. The Contractor's compensation shall be contingent upon the satisfactory provision of goods or services as set forth in Section A.
- b. The Contractor shall be compensated based upon the following payment methodology:

Goods or Services Description	Amount (per compensable increment)
Scheduled Maintenance and Extended Warranty Per Site (Year 1)	\$ 355,000.00
Scheduled Maintenance and Extended Warranty Per Site (Year 2)	\$ 410,000.00
Scheduled Maintenance and Extended Warranty Per Site (Year 3)	\$ 465,000.00

- c. Sites Off Warranty in Year 1: Giles SRIS Ramp; Giles ATIS Ramp; Greene SRIS Ramp; Knox EB SRIS Ramp; Mobile Command Center (FLIR Camera Extra); Mobile Trailer; Enterprise SRIS in Nashville; Portland SRIS Ramp; Portant W31 Virtual; Knox WB SRIS Ramp; Coffee County WB Ramp; Coffee County WB ATIS Ramp; Coffee County EB Virtual.
- d. Sites Off Warranty in Year 2: All of what is listed in Section C.3.c. plus Haywood County EB and WB systems.
- e. Sites Off Warranty in Year 3: All of what is listed in Sections C.3.c. and d. plus Unicoi County Virtual.
- C.4. Travel Compensation. The Contractor shall not be compensated or reimbursed for travel time, travel expenses, meals, or lodging.
- C.5. Invoice Requirements. The Contractor shall invoice the State only for goods delivered and accepted by the State or services satisfactorily provided at the amounts stipulated in Section C.3., above. Contractor shall submit invoices and necessary supporting documentation, no more frequently than once a month, and no later than thirty (30) days after goods or services have been provided to the following address:

Procurement Office, Budget Division
 Department of Safety and Homeland Security
 Email Address: DI_FS_Procurement@tn.gov
 1150 Foster Avenue
 Nashville, TN 37243

- a. Each invoice, on Contractor's letterhead, shall clearly and accurately detail all of the following information (calculations must be extended and totaled correctly):
- (1) Invoice number (assigned by the Contractor);
 - (2) Invoice date;
 - (3) Contract number (assigned by the State);
 - (4) Customer account name: Department of Safety and Homeland Security / Tennessee Highway Patrol / Commercial Vehicle Enforcement;
 - (5) Customer account number (assigned by the Contractor to the above-referenced Customer);
 - (6) Contractor name;
 - (7) Contractor Tennessee Edison registration ID number;
 - (8) Contractor contact for invoice questions (name, phone, or email);
 - (9) Contractor remittance address;

- (10) Description of delivered goods or services provided and invoiced, including identifying information as applicable;
- (11) Number of delivered or completed units, increments, hours, or days as applicable, of each good or service invoiced;
- (12) Applicable payment methodology (as stipulated in Section C.3.) of each good or service invoiced;
- (13) Amount due for each compensable unit of good or service; and
- (14) Total amount due for the invoice period.

b. Contractor's invoices shall:

- (1) Only include charges for goods delivered or services provided as described in Section A and in accordance with payment terms and conditions set forth in Section C;
- (2) Only be submitted for goods delivered or services completed and shall not include any charge for future goods to be delivered or services to be performed;
- (3) Not include Contractor's taxes, which includes without limitation Contractor's sales and use tax, excise taxes, franchise taxes, real or personal property taxes, or income taxes; and
- (4) Include shipping or delivery charges only as authorized in this Contract.

c. The timeframe for payment (or any discounts) begins only when the State is in receipt of an invoice that meets the minimum requirements of this Section C.5.

C.6. Payment of Invoice. A payment by the State shall not prejudice the State's right to object to or question any payment, invoice, or other matter. A payment by the State shall not be construed as acceptance of goods delivered, any part of the services provided, or as approval of any amount invoiced.

C.7. Invoice Reductions. The Contractor's invoice shall be subject to reduction for amounts included in any invoice or payment that is determined by the State, on the basis of audits conducted in accordance with the terms of this Contract, to not constitute proper compensation for goods delivered or services provided.

C.8. Deductions. The State reserves the right to deduct from amounts, which are or shall become due and payable to the Contractor under this or any contract between the Contractor and the State of Tennessee, any amounts that are or shall become due and payable to the State of Tennessee by the Contractor.

C.9. Prerequisite Documentation. The Contractor shall not invoice the State under this Contract until the State has received the following, properly completed documentation.

- a. The Contractor shall complete, sign, and present to the State the "Authorization Agreement for Automatic Deposit Form" provided by the State. By doing so, the Contractor acknowledges and agrees that, once this form is received by the State, payments to the Contractor, under this or any other contract the Contractor has with the State of Tennessee, may be made by ACH; and
- b. The Contractor shall complete, sign, and return to the State the State-provided W-9 form. The taxpayer identification number on the W-9 form must be the same as the Contractor's Federal Employer Identification Number or Social Security Number referenced in the Contractor's Edison registration information.

D. MANDATORY TERMS AND CONDITIONS:

D.1. Required Approvals. The State is not bound by this Contract until it is duly approved by the Parties and all appropriate State officials in accordance with applicable Tennessee laws and regulations. Depending upon the specifics of this Contract, this may include approvals by the Commissioner of Finance and Administration, the Commissioner of Human Resources, the

Comptroller of the Treasury, and the Chief Procurement Officer. Approvals shall be evidenced by a signature or electronic approval.

- D.2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by certified, first class mail, return receipt requested and postage prepaid, by overnight courier service with an asset tracking system, or by email or facsimile transmission with recipient confirmation. All communications, regardless of method of transmission, shall be addressed to the respective Party at the appropriate mailing address, facsimile number, or email address as stated below or any other address provided in writing by a Party.

The State:

Allen England, Lieutenant
 Commercial Vehicle Enforcement Division
 Tennessee Highway Patrol
 Tennessee Department of Safety and Homeland Security
 1150 Foster Avenue
 Nashville, Tennessee 37243
 Email Address: allen.England@tn.gov
 Telephone #: (615) 743-4973

The Contractor:

David Jackson
 Intelligent Imaging Systems, Inc.
 6325 Gateway Boulevard NW, Suite 170
 Edmonton, Alberta Canada T6H5H6
 Email Address: djackson@intelligentimaging.com
 Telephone #: (877) 393-3939

All instructions, notices, consents, demands, or other communications shall be considered effective upon receipt or recipient confirmation as may be required.

- D.3. Modification and Amendment. This Contract may be modified only by a written amendment signed by all Parties and approved by all applicable State officials.
- D.4. Subject to Funds Availability. The Contract is subject to the appropriation and availability of State or federal funds. In the event that the funds are not appropriated or are otherwise unavailable, the State reserves the right to terminate this Contract upon written notice to the Contractor. The State's exercise of its right to terminate this Contract shall not constitute a breach of Contract by the State. Upon receipt of the written notice, the Contractor shall cease all work associated with the Contract. If the State terminates this Contract due to lack of funds availability, the Contractor shall be entitled to compensation for all conforming goods requested and accepted by the State and for all satisfactory and authorized services completed as of the termination date. Should the State exercise its right to terminate this Contract due to unavailability of funds, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages of any description or amount.
- D.5. Termination for Convenience. The State may terminate this Contract for convenience without cause and for any reason. The State shall give the Contractor at least thirty (30) days written notice before the termination date. The Contractor shall be entitled to compensation for all conforming goods delivered and accepted by the State or for satisfactory, authorized services completed as of the termination date. In no event shall the State be liable to the Contractor for compensation for any goods neither requested nor accepted by the State or for any services neither requested by the State nor satisfactorily performed by the Contractor. In no event shall the State's exercise of its right to terminate this Contract for convenience relieve the Contractor of any liability to the State for any damages or claims arising under this Contract.

- D.6. Termination for Cause. If the Contractor fails to properly perform its obligations under this Contract in a timely or proper manner, or if the Contractor materially violates any terms of this Contract ("Breach Condition"), the State shall have the right to immediately terminate the Contract and withhold payments in excess of compensation for completed services or provided goods. Notwithstanding the above, the Contractor shall not be relieved of liability to the State for damages sustained by virtue of any Breach Condition and the State may seek other remedies allowed at law or in equity for breach of this Contract.
- D.7. Assignment and Subcontracting. The Contractor shall not assign this Contract or enter into a subcontract for any of the goods or services provided under this Contract without the prior written approval of the State. Notwithstanding any use of the approved subcontractors, the Contractor shall be the prime contractor and responsible for compliance with all terms and conditions of this Contract. The State reserves the right to request additional information or impose additional terms and conditions before approving an assignment of this Contract in whole or in part or the use of subcontractors in fulfilling the Contractor's obligations under this Contract.
- D.8. Conflicts of Interest. The Contractor warrants that no part of the Contractor's compensation shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Contractor in connection with any work contemplated or performed under this Contract.

The Contractor acknowledges, understands, and agrees that this Contract shall be null and void if the Contractor is, or within the past six (6) months has been, an employee of the State of Tennessee or if the Contractor is an entity in which a controlling interest is held by an individual who is, or within the past six (6) months has been, an employee of the State of Tennessee.

- D.9. Nondiscrimination. The Contractor hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Contract or in the employment practices of the Contractor on the grounds of handicap or disability, age, race, creed, color, religion, sex, national origin, or any other classification protected by federal or state law. The Contractor shall, upon request, show proof of nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.
- D.10. Prohibition of Illegal Immigrants. The requirements of Tenn. Code Ann. § 12-3-309 addressing the use of illegal immigrants in the performance of any contract to supply goods or services to the state of Tennessee, shall be a material provision of this Contract, a breach of which shall be grounds for monetary and other penalties, up to and including termination of this Contract.
- a. The Contractor agrees that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract. The Contractor shall reaffirm this attestation, in writing, by submitting to the State a completed and signed copy of the document at Attachment One, semi-annually during the Term. If the Contractor is a party to more than one contract with the State, the Contractor may submit one attestation that applies to all contracts with the State. All Contractor attestations shall be maintained by the Contractor and made available to State officials upon request.
 - b. Prior to the use of any subcontractor in the performance of this Contract, and semi-annually thereafter, during the Term, the Contractor shall obtain and retain a current, written attestation that the subcontractor shall not knowingly utilize the services of an illegal immigrant to perform work under this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant to perform work under this Contract. Attestations obtained from subcontractors shall be maintained by the Contractor and made available to State officials upon request.

- c. The Contractor shall maintain records for all personnel used in the performance of this Contract. Contractor's records shall be subject to review and random inspection at any reasonable time upon reasonable notice by the State.
 - d. The Contractor understands and agrees that failure to comply with this section will be subject to the sanctions of Tenn. Code Ann. § 12-3-309 for acts or omissions occurring after its effective date.
 - e. For purposes of this Contract, "illegal immigrant" shall be defined as any person who is not: (i) a United States citizen; (ii) a Lawful Permanent Resident; (iii) a person whose physical presence in the United States is authorized; (iv) allowed by the federal Department of Homeland Security and who, under federal immigration laws or regulations, is authorized to be employed in the U.S.; or (v) is otherwise authorized to provide services under the Contract.
- D.11. Records. The Contractor shall maintain documentation for all charges under this Contract. The books, records, and documents of the Contractor, for work performed or money received under this Contract, shall be maintained for a period of five (5) full years from the date of the final payment and shall be subject to audit at any reasonable time and upon reasonable notice by the State, the Comptroller of the Treasury, or their duly appointed representatives. The financial statements shall be prepared in accordance with generally accepted accounting principles.
- D.12. Monitoring. The Contractor's activities conducted and records maintained pursuant to this Contract shall be subject to monitoring and evaluation by the State, the Comptroller of the Treasury, or their duly appointed representatives.
- D.13. Progress Reports. The Contractor shall submit brief, periodic, progress reports to the State as requested.
- D.14. Strict Performance. Failure by any Party to this Contract to require, in any one or more cases, the strict performance of any of the terms, covenants, conditions, or provisions of this Contract shall not be construed as a waiver or relinquishment of any term, covenant, condition, or provision. No term or condition of this Contract shall be held to be waived, modified, or deleted except by a written amendment signed by the Parties.
- D.15. Independent Contractor. The Parties shall not act as employees, partners, joint venturers, or associates of one another. The Parties are independent contracting entities. Nothing in this Contract shall be construed to create an employer/employee relationship or to allow either Party to exercise control or direction over the manner or method by which the other transacts its business affairs or provides its usual services. The employees or agents of one Party are not employees or agents of the other Party.
- D.16. Patient Protection and Affordable Care Act. The Contractor agrees that it will be responsible for compliance with the Patient Protection and Affordable Care Act ("PPACA") with respect to itself and its employees, including any obligation to report health insurance coverage, provide health insurance coverage, or pay any financial assessment, tax, or penalty for not providing health insurance. The Contractor shall indemnify the State and hold it harmless for any costs to the State arising from Contractor's failure to fulfill its PPACA responsibilities for itself or its employees.
- D.17. Limitation of State's Liability. The State shall have no liability except as specifically provided in this Contract. In no event will the State be liable to the Contractor or any other party for any lost revenues, lost profits, loss of business, decrease in the value of any securities or cash position, time, goodwill, or any indirect, special, incidental, punitive, exemplary or consequential damages of any nature, whether based on warranty, contract, statute, regulation, tort (including but not limited to negligence), or any other legal theory that may arise under this Contract or otherwise. The State's total liability under this Contract (including any exhibits, schedules, amendments or other attachments to the Contract) or otherwise shall under no circumstances exceed the Maximum Liability. This limitation of liability is cumulative and not per incident.

D.18. Limitation of Contractor's Liability. In accordance with Tenn. Code Ann. § 12-3-701, the Contractor's liability for all claims arising under this Contract shall be limited to an amount equal to two (2) times the Maximum Liability amount detailed in Section C.1. and as may be amended, PROVIDED THAT in no event shall this Section limit the liability of the Contractor for: (i) intellectual property or any Contractor indemnity obligations for infringement for third-party intellectual property rights; (ii) any claims covered by any specific provision in the Contract providing for liquidated damages; or (iii) any claims for intentional torts, criminal acts, fraudulent conduct, or acts or omissions that result in personal injuries or death.

D.19. Hold Harmless. The Contractor agrees to indemnify and hold harmless the State of Tennessee as well as its officers, agents, and employees from and against any and all claims, liabilities, losses, and causes of action which may arise, accrue, or result to any person, firm, corporation, or other entity which may be injured or damaged as a result of acts, omissions, or negligence on the part of the Contractor, its employees, or any person acting for or on its or their behalf relating to this Contract. The Contractor further agrees it shall be liable for the reasonable cost of attorneys for the State to enforce the terms of this Contract.

In the event of any suit or claim, the Parties shall give each other immediate notice and provide all necessary assistance to respond. The failure of the State to give notice shall only relieve the Contractor of its obligations under this Section to the extent that the Contractor can demonstrate actual prejudice arising from the failure to give notice. This Section shall not grant the Contractor, through its attorneys, the right to represent the State in any legal matter, as the right to represent the State is governed by Tenn. Code Ann. § 8-6-106.

D.20. HIPAA Compliance. The State and Contractor shall comply with obligations under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), Health Information Technology for Economic and Clinical Health ("HITECH") Act and any other relevant laws and regulations regarding privacy (collectively the "Privacy Rules"). The obligations set forth in this Section shall survive the termination of this Contract.

- a. Contractor warrants to the State that it is familiar with the requirements of the Privacy Rules, and will comply with all applicable requirements in the course of this Contract.
- b. Contractor warrants that it will cooperate with the State, including cooperation and coordination with State privacy officials and other compliance officers required by the Privacy Rules, in the course of performance of the Contract so that both parties will be in compliance with the Privacy Rules.
- c. The State and the Contractor will sign documents, including but not limited to business associate agreements, as required by the Privacy Rules and that are reasonably necessary to keep the State and Contractor in compliance with the Privacy Rules. This provision shall not apply if information received or delivered by the parties under this Contract is NOT "protected health information" as defined by the Privacy Rules, or if the Privacy Rules permit the parties to receive or deliver the information without entering into a business associate agreement or signing another document.
- d. The Contractor will indemnify the State and hold it harmless for any violation by the Contractor or its subcontractors of the Privacy Rules. This includes the costs of responding to a breach of protected health information, the costs of responding to a government enforcement action related to the breach, and any fines, penalties, or damages paid by the State because of the violation.

D.21. Tennessee Consolidated Retirement System. Subject to statutory exceptions contained in Tenn. Code Ann. §§ 8-36-801, *et seq.*, the law governing the Tennessee Consolidated Retirement System ("TCRS"), provides that if a retired member of TCRS, or of any superseded system administered by TCRS, or of any local retirement fund established under Tenn. Code Ann. §§ 8-35-101, *et seq.*, accepts State employment, the member's retirement allowance is suspended during the period of the employment. Accordingly and notwithstanding any provision of this

Contract to the contrary, the Contractor agrees that if it is later determined that the true nature of the working relationship between the Contractor and the State under this Contract is that of “employee/employer” and not that of an independent contractor, the Contractor, if a retired member of TCRS, may be required to repay to TCRS the amount of retirement benefits the Contractor received from TCRS during the Term.

- D.22. Tennessee Department of Revenue Registration. The Contractor shall comply with all applicable registration requirements contained in Tenn. Code Ann. §§ 67-6-601 – 608. Compliance with applicable registration requirements is a material requirement of this Contract.
- D.23. Debarment and Suspension. The Contractor certifies, to the best of its knowledge and belief, that it, its current and future principals, its current and future subcontractors and their principals:
- a. are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal or state department or agency;
 - b. have not within a three (3) year period preceding this Contract been convicted of, or had a civil judgment rendered against them from commission of fraud, or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or grant under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification, or destruction of records, making false statements, or receiving stolen property;
 - c. are not presently indicted or otherwise criminally or civilly charged by a government entity (federal, state, or local) with commission of any of the offenses detailed in section b. of this certification; and
 - d. have not within a three (3) year period preceding this Contract had one or more public transactions (federal, state, or local) terminated for cause or default.

The Contractor shall provide immediate written notice to the State if at any time it learns that there was an earlier failure to disclose information or that due to changed circumstances, its principals or the principals of its subcontractors are excluded, disqualified, or presently fall under any of the prohibitions of sections a-d.

- D.24. Force Majeure. “Force Majeure Event” means fire, flood, earthquake, elements of nature or acts of God, wars, riots, civil disorders, rebellions or revolutions, acts of terrorism or any other similar cause beyond the reasonable control of the Party except to the extent that the non-performing Party is at fault in failing to prevent or causing the default or delay, and provided that the default or delay cannot reasonably be circumvented by the non-performing Party through the use of alternate sources, workaround plans or other means. A strike, lockout or labor dispute shall not excuse either Party from its obligations under this Contract. Except as set forth in this Section, any failure or delay by a Party in the performance of its obligations under this Contract arising from a Force Majeure Event is not a default under this Contract or grounds for termination. The non-performing Party will be excused from performing those obligations directly affected by the Force Majeure Event, and only for as long as the Force Majeure Event continues, provided that the Party continues to use diligent, good faith efforts to resume performance without delay. The occurrence of a Force Majeure Event affecting Contractor’s representatives, suppliers, subcontractors, customers or business apart from this Contract is not a Force Majeure Event under this Contract. Contractor will promptly notify the State of any delay caused by a Force Majeure Event (to be confirmed in a written notice to the State within one (1) day of the inception of the delay) that a Force Majeure Event has occurred, and will describe in reasonable detail the nature of the Force Majeure Event. If any Force Majeure Event results in a delay in Contractor’s performance longer than forty-eight (48) hours, the State may, upon notice to Contractor: (a) cease payment of the fees until Contractor resumes performance of the affected obligations; or (b) immediately terminate this Contract or any purchase order, in whole or in part, without further payment except for fees then due and payable. Contractor will not increase its charges under

this Contract or charge the State any fees other than those provided for in this Contract as the result of a Force Majeure Event.

- D.25. State and Federal Compliance. The Contractor shall comply with all applicable state and federal laws and regulations in the performance of this Contract.
- D.26. Governing Law. This Contract shall be governed by and construed in accordance with the laws of the State of Tennessee. The Tennessee Claims Commission or the state or federal courts in Tennessee shall be the venue for all claims, disputes, or disagreements arising under this Contract. The Contractor acknowledges and agrees that any rights, claims, or remedies against the State of Tennessee or its employees arising under this Contract shall be subject to and limited to those rights and remedies available under Tenn. Code Ann. §§ 9-8-101 - 407.
- D.27. Entire Agreement. This Contract is complete and contains the entire understanding between the Parties relating to its subject matter, including all the terms and conditions of the Parties' agreement. This Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the Parties, whether written or oral.
- D.28. Severability. If any terms and conditions of this Contract are held to be invalid or unenforceable as a matter of law, the other terms and conditions of this Contract shall not be affected and shall remain in full force and effect. The terms and conditions of this Contract are severable.
- D.29. Headings. Section headings of this Contract are for reference purposes only and shall not be construed as part of this Contract.
- D.30. Incorporation of Additional Documents. Each of the following documents is included as a part of this Contract by reference. In the event of a discrepancy or ambiguity regarding the Contractor's duties, responsibilities, and performance under this Contract, these items shall govern in order of precedence below:
- a. any amendment to this Contract, with the latter in time controlling over any earlier amendments;
 - b. this Contract with any attachments or exhibits (excluding the items listed at subsections c. through f., below), which includes Attachment One;
 - c. any clarifications of or addenda to the Contractor's proposal seeking this Contract;
 - d. the State solicitation, as may be amended, requesting responses in competition for this Contract;
 - e. any technical specifications provided to proposers during the procurement process to award this Contract; and
 - f. the Contractor's response seeking this Contract.
- D.31. Iran Divestment Act. The requirements of Tenn. Code Ann. § 12-12-101 et.seq., addressing contracting with persons as defined at T.C.A. §12-12-103(5) that engage in investment activities in Iran, shall be a material provision of this Contract. The Contractor certifies, under penalty of perjury, that to the best of its knowledge and belief that it is not on the list created pursuant to Tenn. Code Ann. § 12-12-106.
- D.32. Insurance. Contractor shall maintain insurance coverage as specified in this Section. The State reserves the right to amend or require additional insurance coverage, coverage amounts, and endorsements required under this Contract. Contractor's failure to maintain or submit evidence of insurance coverage, as required, is a material breach of this Contract. If Contractor loses insurance coverage, fails to renew coverage, or for any reason becomes uninsured during the Term, Contractor shall immediately notify the State. All insurance companies providing coverage must be: (a) acceptable to the State; (b) authorized by the Tennessee Department of Commerce and Insurance ("TDCI"); and (c) rated A- / VII or better by A.M. Best. All coverage must be on a primary basis and noncontributory with any other insurance or self-insurance carried by the State. Contractor agrees to name the State as an additional insured on any insurance policy with the exception of workers' compensation (employer liability) and professional liability (errors and omissions) insurance. All policies must contain an endorsement for a waiver of subrogation in

favor of the State. Any deductible over fifty thousand dollars (\$50,000) must be approved by the State. The deductible and any premiums are the Contractor's sole responsibility. The Contractor agrees that the insurance requirements specified in this Section do not reduce any liability the Contractor has assumed under this Contract including any indemnification or hold harmless requirements.

To achieve the required coverage amounts, a combination of an otherwise deficient specific policy and an umbrella policy with an aggregate meeting or exceeding the required coverage amounts is acceptable. For example: If the required policy limit under this Contract is for two million dollars (\$2,000,000) in coverage, acceptable coverage would include a specific policy covering one million dollars (\$1,000,000) combined with an umbrella policy for an additional one million dollars (\$1,000,000). If the deficient underlying policy is for a coverage area without aggregate limits (generally Automobile Liability and Employers' Liability Accident), Contractor shall provide a copy of the umbrella insurance policy documents to ensure that no aggregate limit applies to the umbrella policy for that coverage area.

Contractor shall provide the State a certificate of insurance ("COI") evidencing the coverages and amounts specified in this Section. The COI must be on a form approved by the TDCI (standard ACORD form preferred). The COI must list each insurer's National Association of Insurance Commissioners (NAIC) number and be signed by an authorized representative of the insurer. The COI must list the State of Tennessee – CPO Risk Manager, 312 Rosa L. Parks Ave., 3rd floor Central Procurement Office, Nashville, TN 37243 as the certificate holder. Contractor shall provide the COI ten (10) business days prior to the Effective Date and again thirty (30) calendar days before renewal or replacement of coverage. Contractor shall provide the State evidence that all subcontractors maintain the required insurance or that subcontractors are included under the Contractor's policy. At any time, the State may require Contractor to provide a valid COI. The parties agree that failure to provide evidence of insurance coverage as required is a material breach of this Contract. If Contractor self-insures, then a COI will not be required to prove coverage. Instead Contractor shall provide a certificate of self-insurance or a letter, on Contractor's letterhead, detailing its coverage, policy amounts, and proof of funds to reasonably cover such expenses.

The State agrees that it shall give written notice to the Contractor as soon as practicable after the State becomes aware of any claim asserted or made against the State, but in no event later than thirty (30) calendar days after the State becomes aware of such claim. The failure of the State to give notice shall only relieve the Contractor of its obligations under this Section to the extent that the Contractor can demonstrate actual prejudice arising from the failure to give notice. This Section shall not grant the Contractor or its insurer, through its attorneys, the right to represent the State in any legal matter, as the right to represent the State is governed by Tenn. Code Ann. § 8-6-106.

The Contractor shall obtain and maintain, at a minimum, the following insurance coverages and policy limits.

a. Commercial General Liability Insurance

- 1) The Contractor shall maintain commercial general liability insurance, which shall be written on an Insurance Services Office, Inc. (also known as ISO) occurrence form (or a substitute form providing equivalent coverage) and shall cover liability arising from property damage, premises/operations, independent contractors, contractual liability, completed operations/products, personal and advertising injury, and liability assumed under an insured contract (including the tort liability of another assumed in a business contract).

The Contractor shall maintain bodily injury/property damage with a combined single limit not less than one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) aggregate for bodily injury and property damage, including products and completed operations coverage with an aggregate limit of at least two million dollars (\$2,000,000).

b. Workers' Compensation and Employer Liability Insurance

- 1) For Contractors statutorily required to carry workers' compensation and employer liability insurance, the Contractor shall maintain:
 - i. Workers' compensation in an amount not less than one million dollars (\$1,000,000) including employer liability of one million dollars (\$1,000,000) per accident for bodily injury by accident, one million dollars (\$1,000,000) policy limit by disease, and one million dollars (\$1,000,000) per employee for bodily injury by disease.
- 2) If the Contractor certifies that it is exempt from the requirements of Tenn. Code Ann. §§ 50-6-101 – 103, then the Contractor shall furnish written proof of such exemption for one or more of the following reasons:
 - i. The Contractor employs fewer than five (5) employees;
 - ii. The Contractor is a sole proprietor;
 - iii. The Contractor is in the construction business or trades with no employees;
 - iv. The Contractor is in the coal mining industry with no employees;
 - v. The Contractor is a state or local government; or
 - vi. The Contractor self-insures its workers' compensation and is in compliance with the TDCI rules and Tenn. Code Ann. § 50-6-405.

c. Automobile Liability Insurance

- 1) The Contractor shall maintain automobile liability insurance which shall cover liability arising out of any automobile (including owned, leased, hired, and non-owned automobiles).
- 2) The Contractor shall maintain bodily injury/property damage with a limit not less than one million dollars (\$1,000,000) per occurrence or combined single limit.

D.33. Major Procurement Contract Sales and Use Tax. Pursuant to Tenn. Code Ann. § 4-39-102 and to the extent applicable, the Contractor and the Contractor's subcontractors shall remit sales and use taxes on the sales of goods or services that are made by the Contractor or the Contractor's subcontractors and that are subject to tax.

E. SPECIAL TERMS AND CONDITIONS:

- E.1. Conflicting Terms and Conditions. Should any of these special terms and conditions conflict with any other terms and conditions of this Contract, the special terms and conditions shall be subordinate to the Contract's other terms and conditions.
- E.2. Confidentiality of Records. Strict standards of confidentiality of records and information shall be maintained in accordance with applicable state and federal law. All material and information, regardless of form, medium or method of communication, provided to the Contractor by the State or acquired by the Contractor on behalf of the State that is regarded as confidential under state or federal law shall be regarded as "Confidential Information." Nothing in this Section shall permit Contractor to disclose any Confidential Information, regardless of whether it has been disclosed or made available to the Contractor due to intentional or negligent actions or inactions of agents

of the State or third parties. Confidential Information shall not be disclosed except as required or permitted under state or federal law. Contractor shall take all necessary steps to safeguard the confidentiality of such material or information in conformance with applicable state and federal law.

The obligations set forth in this Section shall survive the termination of this Contract.

- E.3. State Ownership of Goods. The State shall have ownership, right, title, and interest in all goods provided by Contractor under this Contract including full rights to use the goods and transfer title in the goods to any third parties.
- E.4. Intellectual Property Indemnity. The Contractor agrees to indemnify and hold harmless the State of Tennessee as well as its officers, agents, and employees from and against any and all claims or suits which may be brought against the State concerning or arising out of any claim of an alleged patent, copyright, trade secret or other intellectual property infringement. In any such claim or action brought against the State, the Contractor shall satisfy and indemnify the State for the amount of any settlement or final judgment, and the Contractor shall be responsible for all legal or other fees or expenses incurred by the State arising from any such claim. The State shall give the Contractor notice of any such claim or suit, however, the failure of the State to give such notice shall only relieve Contractor of its obligations under this Section to the extent Contractor can demonstrate actual prejudice arising from the State's failure to give notice. This Section shall not grant the Contractor, through its attorneys, the right to represent the State of Tennessee in any legal matter, as provided in Tenn. Code Ann. § 8-6-106.
- E.5. Software License Warranty. Contractor grants a license to the State to use all software provided under this Contract in the course of the State's business and purposes.
- E.6. Software Support and Maintenance Warranty. Contractor shall provide to the State all software upgrades, modifications, bug fixes, or other improvements in its software that it makes generally available to its customers.
- E.7. Transfer of Ownership of Custom Software Developed for the State.
- a. Definitions.
- (1) "Contractor-Owned Software," shall mean commercially available software the rights to which are owned by Contractor, including but not limited to commercial "off-the-shelf" software which is not developed using State's money or resources.
 - (2) "Custom-Developed Application Software," shall mean customized application software developed by Contractor for the State under this Contract intended to function with the Contractor-Owned Software or any Work Product provided under this Contract.
 - (3) "Rights Transfer Application Software," shall mean any pre-existing application software and documentation owned or supplied by Contractor or a third party necessary for the use, functioning, support, or maintenance of the Contractor-Owned Software, the Custom-Developed Application Software, Third Party Software, and any Work Product provided to State.
 - (4) "Third-Party Software," shall mean software supplied by Contractor under this Contract or necessary for the functioning of any Work Product not owned by the State or the Contractor.
 - (5) "Work Product," shall mean all deliverables such as software, software source code, documentation, planning, etc., that are created, designed, developed, or documented by the Contractor for the State under this Contract. Work Product shall include Rights Transfer Application Software.

b. Rights and Title to the Software

- (1) All right, title and interest in and to the Contractor-Owned Software shall at all times remain with Contractor, subject to any license or transfer of rights or ownership granted under this Contract. Contractor grants the State a perpetual non-exclusive license to the Contractor-Owned Software to be used solely with the Custom-Developed Application Software and the Work Product.
- (2) Contractor shall provide the source code in the Custom-Developed Application Software, Work Product and the Contractor-Owned Software, with all subsequent modifications, enhancements, bug-fixes or any other changes in the source code of the Work Product and the Contractor-Owned Software and all other code and documentation necessary for the Custom-Developed Application Software to be installed and function as intended and as set forth in this Contract, to the State.
- (3) Contractor may lease or sell the Custom-Developed Application Software to third parties with the written permission of the State, which permission may be conditioned on the State receiving royalties from such sales or licenses.
- (4) All right, title and interest in and to the Custom-Developed Application Software, and to modifications thereof made by State, including without limitation all copyrights, patents, trade secrets and other intellectual property and other proprietary rights embodied by and arising out of the Custom-Developed Application Software, shall belong to State. To the extent such rights do not automatically belong to State, Contractor hereby assigns, transfers, and conveys all right, title and interest in and to the Custom-Developed Application Software, including without limitation the copyrights, patents, trade secrets, and other intellectual property rights arising out of or embodied by the Custom-Developed Application Software. Contractor and its employees, agents, contractors or representatives shall execute any other documents that State or its counsel deem necessary or desirable to document this transfer or allow State to register its claims and rights to such intellectual property rights or enforce them against third parties.
- (5) All right, title and interest in and to the Third-Party Software shall at all times remain with the third party, subject to any license or other rights granted to the State under this Contract or otherwise.

c. The Contractor may use for its own purposes the general knowledge, skills, experience, ideas, concepts, know-how, and techniques obtained and used during the course of performing under this Contract. The Contractor may develop for itself, or for others, materials which are similar to or competitive with those that are produced under this Contract.

- E.8. State Furnished Property. The Contractor shall be responsible for the correct use, maintenance, and protection of all articles of nonexpendable, tangible personal property furnished by the State for the Contractor's use under this Contract. Upon termination of this Contract, all property furnished by the State shall be returned to the State in the same condition as when received, less reasonable wear and tear. Should the property be destroyed, lost, or stolen, the Contractor shall be responsible to the State for the fair market value of the property at the time of loss.
- E.9. Prohibited Advertising or Marketing. The Contractor shall not suggest or imply in advertising or marketing materials that Contractor's goods or services are endorsed by the State. The restrictions on Contractor advertising or marketing materials under this Section shall survive the termination of this Contract.
- E.10. Personally Identifiable Information. While performing its obligations under this Contract, Contractor may have access to Personally Identifiable Information held by the State ("PII"). For the purposes of this Contract, "PII" includes "Nonpublic Personal Information" as that term is

defined in Title V of the Gramm-Leach-Bliley Act of 1999 or any successor federal statute, and the rules and regulations thereunder, all as may be amended or supplemented from time to time ("GLBA") and personally identifiable information and other data protected under any other applicable laws, rule or regulation of any jurisdiction relating to disclosure or use of personal information ("Privacy Laws"). Contractor agrees it shall not do or omit to do anything which would cause the State to be in breach of any Privacy Laws. Contractor shall, and shall cause its employees, agents and representatives to: (i) keep PII confidential and may use and disclose PII only as necessary to carry out those specific aspects of the purpose for which the PII was disclosed to Contractor and in accordance with this Contract, GLBA and Privacy Laws; and (ii) implement and maintain appropriate technical and organizational measures regarding information security to: (A) ensure the security and confidentiality of PII; (B) protect against any threats or hazards to the security or integrity of PII; and (C) prevent unauthorized access to or use of PII. Contractor shall immediately notify State: (1) of any disclosure or use of any PII by Contractor or any of its employees, agents and representatives in breach of this Contract; and (2) of any disclosure of any PII to Contractor or its employees, agents and representatives where the purpose of such disclosure is not known to Contractor or its employees, agents and representatives. The State reserves the right to review Contractor's policies and procedures used to maintain the security and confidentiality of PII and Contractor shall, and cause its employees, agents and representatives to, comply with all reasonable requests or directions from the State to enable the State to verify and/or procure that Contractor is in full compliance with its obligations under this Contract in relation to PII. Upon termination or expiration of the Contract or at the State's direction at any time in its sole discretion, whichever is earlier, Contractor shall immediately return to the State any and all PII which it has received under this Contract and shall destroy all records of such PII.

The Contractor shall report to the State any instances of unauthorized access to or potential disclosure of PII in the custody or control of Contractor ("Unauthorized Disclosure") that come to the Contractor's attention. Any such report shall be made by the Contractor within twenty-four (24) hours after the Unauthorized Disclosure has come to the attention of the Contractor. Contractor shall take all necessary measures to halt any further Unauthorized Disclosures. The Contractor, at the sole discretion of the State, shall provide no cost credit monitoring services for individuals whose PII was affected by the Unauthorized Disclosure. The Contractor shall bear the cost of notification to all individuals affected by the Unauthorized Disclosure, including individual letters and public notice. The remedies set forth in this Section are not exclusive and are in addition to any claims or remedies available to this State under this Contract or otherwise available at law.

- E.11. Survival. The terms, provisions, representations, and warranties contained in this Contract which by their sense and context are intended to survive the performance and termination of this Contract, shall so survive the completion of performance and termination of this Contract.

IN WITNESS WHEREOF,

INTELLIGENT IMAGING SYSTEMS, INC.::



CONTRACTOR SIGNATURE



DATE



PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)

DEPARTMENT OF SAFETY AND HOMELAND SECURITY:



DAVID W. PURKEY, COMMISSIONER

1-24-18

DATE

ATTACHMENT ONE

ATTESTATION RE PERSONNEL USED IN CONTRACT PERFORMANCE

SUBJECT CONTRACT NUMBER:	56028
CONTRACTOR LEGAL ENTITY NAME:	INTELLIGENT IMAGING SYSTEMS, INC.
EDISON VENDOR IDENTIFICATION NUMBER:	0000152335

The Contractor, identified above, does hereby attest, certify, warrant, and assure that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract.



CONTRACTOR SIGNATURE

NOTICE: This attestation MUST be signed by an individual empowered to contractually bind the Contractor. Attach evidence documenting the individual's authority to contractually bind the Contractor, unless the signatory is the Contractor's chief executive or president.

Fred Ko, VP Operations

PRINTED NAME AND TITLE OF SIGNATORY

Jan. 24, 2018

DATE OF ATTESTATION

Document Approval Status

SetID SHARE

Contract ID 0000000000000000000056028

Supplier Intelligent Imaging Systems Inc

Review/Edit Approvers

Agency Approvals

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Agency Approvals

Self Approved

✓ Shoney D Naquin
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01/29/18 - 8:10 PM

→

✓ Shoney D Naquin
Document Approval 2
01/29/18 - 8:10 PM

CPO Level 1 & 2 Approvals

Approved

✓ Charles Key
Document Approval 3
01/30/18 - 8:22 AM

Comments

Budget Office

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Budget Threshold Approv >25K

Approved

✓ Derek Mitchell
Con - Budget Office Approval
01/30/18 - 12:12 PM

Comptroller Special Appr

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01/31/18 - 1:14 PM

Rule Exceptions

Approved

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01/31/18 - 1:14 PM

Comments

CPO Final Contract Approval

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CPO Final Contract Approval

Approved

✓ Charles Key
Document Approval 3
01/31/18 - 1:28 PM

Comments: