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Thomas R. Keller
ADMINISTRATIVE DIRECTOR

Walter M. Ozawa
DEPUTY ADMINISTRATIVE DIRECTOR

November 9, 2007

Charles Gibb, Vice President
ACS Government Solutions
1733 Harrodsburg Road
Lexington, Kentucky 40504-3617

Dear Mr. Gibb:

Re: Hawai'i State Judiciary Contract No. J02180

I write to provide notice, pursuant to Paragraph 13.1 of the Master Agreement between the Judiciary of the State of Hawai'i and ACS Government Systems, Inc., that ACS is in material default of Statement of Work Number 1 (the traffic module). Unless ACS cures the default within thirty days of your receipt of this letter, the Judiciary intends to terminate its contract with ACS with respect to all agreements under the Master Agreement designated as JUD CONTRACT NO. J02180, except Statement of Work Number 3 (the jury module).

As you know, our representatives have been trying to resolve issues with regard to Statement of Work Number 1 during the past year. It has become apparent, however, that:

- the ACS Contexte software does not and cannot meet the functional requirements set out in the Judiciary's Request for Proposals and incorporated as part of the Master Agreement,
- the ACS Lexington team is unable or unwilling to correct basic software design defects or provide appropriate service with regard to modifying the software where required by the Master Agreement,
- continuing a contractual relationship with ACS under the recently proposed change order identified as HI094 would merely exacerbate the delay of the Judiciary's project, and would not leave the Judiciary with the case management system it sought and purchased,
- continuing the contractual relationship with ACS will prevent the Judiciary from seeking vital and necessary software or software modifications for the traffic module from other sources, and
- the contract between the Judiciary and ACS was induced by ACS's misrepresentations of material fact about the software functionality and the services provided by ACS.

The specific items of default are as follows:

- The financial and accounting system software is not compliant with Generally Accepted Accounting Principles as required by functional requirements TRF-F0304, CRM-F0304, CIV-F0304, APP-F0304, FAM-F0304. The system does not provide the full range of functionality necessary to allow the courts to maintain a general ledger that is compliant with Generally Accepted Accounting Principles. There is no subsidiary ledger functionality in the ACS system and the system does not retain historical account balances. Additionally, the accounting system: (1) lacks standard accounting reports, (2) allows duplicate checks to be printed, and (3) requires multiple employees to share a single password in the performance of restricted functions, thereby prohibiting accountability, and causing data integrity to be questioned.
- The hardware configuration in ACS's response to the Judiciary's RFP and in the ACS Best and Final Offer (BAFO), upon which the Master Agreement was based, was undersized and caused the Judiciary to have to purchase additional hardware and software licenses at significant additional cost in order to reasonably maintain the system.
- The following specific functional requirements remain unmet:

TRF-F0373	TRF-F0411	ADM-F0700
GEN-F0016	TRF-F0620	TRF-F0021
ADM-F0310	TRF-F0770	TRF-F0260
ADM-F0311	ADM-F0360	TRF-F0323
TRF-F0352	TRF-F0013	TRF-F0780
SWC-F0002	ADM-F0710	TRF-F0530
ADM-F0332	TRF-F0026	TRF-F0540
TRF-F0366	TRF-F0050	TRF-F0580
TRF-R0415	TRF-F0101	TRF-F0581
TRF-F0023	TRF-F0633	TRF-F0582
TRF-F0634	TRF-F0760	TRF-F0720
TRF-F0231	ADM-R0301	TRF-F0360
TRF-F0292	TRF-F0420	ADM-F0362

With the exception of ADM-F0360 and TRF-F0634, ACS represented in its BAFO that all of the above-referenced functional requirements were *currently provided*. ACS further represented that the requirements for ADM-F0360 and TRF-F0364 would be available at the


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time of installation *at no extra cost*.

The functional requirements listed above were the subject of discussions from February through July of this year, as part of proposed change order HI094. Although representatives from ACS and the Judiciary tried to reach mutual accommodation on the unmet requirements, the only accommodation that could be reached would have required the Judiciary to abandon many of the required functions and to incur significant additional expense for the few modifications of the software that ACS was willing to make. ACS representatives have consistently ignored the requirements, stating on multiple occasions and contrary to the clearly stated requirements on which the contract award was based, that the Judiciary purchased only the basic Contexte software package.

Pursuant to Section 13.1 of the Master Agreement, ACS has thirty days to cure this default. ACS previously proposed the migration to Contexte Version 5.0 to meet the functional requirements. We understand, however, that it will take at least eighteen months to complete this migration. We cannot wait another year for the deficiencies to be corrected. In order to cure the default, then, ACS must provide another solution that will be completed within thirty days. Any new solution should be communicated to JIMS Project Manager Deena White. If ACS is unable to cure the default, however, please let me know as soon as possible. The Judiciary will then take action to terminate the Master Agreement as to Statements of Work Numbers 1 and 2.

Sincerely,



Thomas R. Keller
Administrative Director of the Courts

c: Tom Burlin
Spencer Parrott
Bruce Eddy