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STATE PROCUREMENT OFFICE  
NOTICE OF AND REQUEST FOR EXEMPTION  
FROM CHAPTER 103D, HRS

- 1. TO: Chief Procurement Officer
- 2. FROM: Marie Laderta, Acting Administrator

*mlad*

Department/Division/Agency

Pursuant to §103D-102(b)(4), HRS, and Chapter 3-120, HAR, the Department requests a procurement exemption to purchase the following:

<p>3. Description of goods, services or construction: The EUTF wishes to contract with vendor named in #4 below to provide <del> dental</del> <i>chiropractic</i> insurance coverage for HSTA VEBA members (active employees), retirees and their dependents.</p>	
<p>4. Name of Vendor: Royal State National Insurance Corporation Address: 819 S. Beretania St., Suite 102 Honolulu, Hawaii 96813</p>	<p>5. Price: <i>Approx.</i> <del>\$See Attachment</del> <i>\$169,000 - \$170,000</i></p>
<p>6. Term of Contract: From: 1/1/11 To: 6/30/11</p>	<p>7. Prior Exemption Ref. No.</p>
<p>8. Explanation describing how procurement by competitive means is either not practicable or not advantageous to the State: On 12/7/10 Judge Sakamoto denied the HSTA VEBA the injunction they requested (to stop the HSTA VEBA members from returning to the EUTF on 1/1/11). However, the judge also ruled that when the EUTF takes back the HSTA VEBA members on 1/1/11 as required by Act 106, SLH 2010, the EUTF must offer the HSTA VEBA members the same level of benefits that they have under the VEBA plans (in other words, EUTF cannot provide them benefits that diminish their VEBA benefits). This ruling was NOT anticipated and the EUTF has only 3 weeks to implement the court order.  (See attachment for continuation)</p>	
<p>9. Details of the process or procedures to be followed in selecting the vendor to ensure maximum fair and open competition as practicable: We plan to use the same vendor that EUTF currently uses.</p>	
<p>10. A description of the agency's internal controls and approval requirements for the exempted procurement: Contract will be reviewed by the Attorney General and Acting Administrator</p>	

**REQUEST FOR EXEMPTION FROM CHAPTER 103D, HRS (Cont.)**

12. A list of agency personnel, by position, who will be involved in the approval process and administration of the contract:		
Name	Position	Involvement in Process
Marie Laderta	Acting Administrator	<input checked="" type="checkbox"/> Approval <input checked="" type="checkbox"/> Administration
Sandi Yahiro	Assistant Administrator	<input checked="" type="checkbox"/> Approval <input checked="" type="checkbox"/> Administration
Diane Erickson	Deputy Attorney General	<input checked="" type="checkbox"/> Approval <input checked="" type="checkbox"/> Administration
Brian Aburano	Deputy Attorney General	<input checked="" type="checkbox"/> Approval <input checked="" type="checkbox"/> Administration
		<input type="checkbox"/> Approval <input type="checkbox"/> Administration
		<input type="checkbox"/> Approval <input type="checkbox"/> Administration

13. Direct inquiries to: Department: BF/ EUTF  
 Contact Name: Marie Laderta  
 Phone Number: 808-587-5431  
 Fax Number: 808-587-2320

Agency shall ensure adherence to applicable administrative and statutory requirements

14. *I certify that the information provided above is, to the best of my knowledge, true and correct.*


12/21/10  
 \_\_\_\_\_  
 Department Head Date

Reserved for SPO Use Only

15. Date Notice Posted 12-21-10

The Chief Procurement Officer is in the process of reviewing this request for exemption from Chapter 103D, HRS. Submit written objections to this notice to issue an exemption from Chapter 103D, HRS, within seven calendar days or as otherwise allowed from the above posted date to:

Chief Procurement Officer  
 State Procurement Office  
 P.O. Box 119  
 Honolulu, Hawaii 96810-0119

Chief Procurement Officer's comments:

The department has determined that procurement by competitive means through HRS Chapter 103D is not practicable because of the inability to comply with the court order pursuant to Act 106, SLH 2010, which requires HSTA VEBA members be offered the same level of benefits that they currently have effective 01/01/11.

Although no written delegated procurement authority is required for a *Request for Exemption from Chapter 103D, HRS*, it is noted that Ms. Sandi Yahiro has not taken the appropriate required mandatory procurement training. As a reminder, Ms. Yahiro cannot participate in procurement activities until the requirements of Procurement Delegation No. 2010-01 and/or Procurement Circular No. 2010-05 have been met.

This approval is for the solicitation process only, HRS section 103D-310(c) and HAR section 3-122-112, shall apply. This award is required to be posted on the Awards Reporting System.

16.  APPROVED  DISAPPROVED  NO ACTION REQUIRED


12/28/2010  
 \_\_\_\_\_  
 Chief Procurement Officer Date

ATTACHMENT TO NOTICE OF AND REQUEST FOR EXEMPTION  
FROM CHAPTER 103D, HRS

5. Price:

**Royal State Chiropractic**

Single \$1.43

Two-Party \$2.87

Family \$3.04

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FROM CHAPTER 103D, HRS

8. Explanation describing how procurement by competitive means is either not practicable or not advantageous to the State:

Continuation:

The Court's ruling places an extreme hardship on the EUTF to comply with transferring the HSTA VEBA membership effective January 1, 2011 with their current VEBA plan benefits. The exemption from HRS Chapter 103D is necessary and urgently needed in order to comply with the law and to transfer VEBA members to EUTF maintaining their current levels of benefits. Therefore, the EUTF is seeking to contract with Royal State to provide a plan to VEBA members that offers the same level of benefits that they currently have in the VEBA plan.