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**STATE OF HAWAII  
REQUEST FOR EXEMPTION FROM CHAPTER 103d, HRS**

TO: Chief Procurement Officer

FROM: DBEDT/AFED/Arts and Culture Development Branch (ACDB)

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

Description of goods, services, or construction

We request to enter into an agreement with the said Vendor to partner with DBEDT and provide administrative and financial services for the development of an *Economic Plan for the Creative Economy*. The goals of the plan are to:

- Identify and analyze the economic impact of Hawaii's creative economy.
- Strengthen and increase the impact of the creative economy.
- Generate new partnerships among different economic sectors to leverage creative resources.
- Identify funding needs and sources for implementation.

The plan will cost between \$250,000 and \$400,000 to produce. DBEDT will contribute \$50,000. The Hawaii Community Foundation (HCF) will also contribute \$50,000. And, as partner with DBEDT, the HCF will participate conceptually, and will be the aggregator of funds that will be contributed by other State agencies, private foundations and local companies. They will also be the contractor for all project coordination and for the consultant(s). HCF is highly respected and trusted throughout the State as an agency with widespread community outreach that has managed numerous large scale, statewide projects with the mission of investing in people and solutions to benefit every island community. In prior conversations with potential donors, many have indicated that they would be willing to commit funds towards the development of the plan only if the funds were handled by a 501(c)(3) nonprofit organization with statewide reach, familiar with grant making and with the ability to handle millions of dollars in charitable contributions. HCF's involvement will help to secure true, widespread and non-partisan community involvement with the project.

The scope of work would require, but not be limited to, the activities as described in Attachment A.

Name of Vendor: The Hawaii Community Foundation Address: 1184 Bishop Street, Suite 800 Honolulu, Hawaii 96813	Cost: 5% of the total cost of the plan will go towards HCF's administrative fees, with the balance of funds contributed applied to the hiring of a coordinator and consultant for the plan.
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Term of Contract: From: Upon Approval To: Approximately 24 months	Prior Exemption Ref. No. (if applicable)
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Explanation describing how procurement by competitive means is either not practicable or not advantageous to the State:

See Attachment B

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

Details of the process or procedure to be followed in selecting the vendor to ensure maximum fair and open competition as practicable:

As stated in the previous section, HCF's capabilities are best suited for the described services.

A description of the agency's internal controls and approval requirements for the exempted procurement:

HCF's performance of the goods and services to be provided will be monitored, evaluated, and approved by Judy Drosd, Chief Officer, Arts, Film & Entertainment, AFED and David I. Nada, Business Development Program Manager, ACDB.

A list of agency personnel, by position title, who will be involved in the approval process and administration of the contract:

Judy Drosd, Chief Officer, Arts, Film & Entertainment, AFED  
David I. Nada, Business Development Program Manager, ACDB

Direct questions to: Judy Drosd

Phone Number: 586-2364

This exemption should be considered for list of exemptions attached to Chapter 3-120, HAR: Yes No

**I CERTIFY THAT THE INFORMATION PROVIDED ABOVE IS, TO THE BEST OF MY KNOWLEDGE, TRUE AND CORRECT**

Department Head or Designee

Title (If other than Department Head)

Chief Procurement Officer's Comments: This approval is based on the DBEDT's representation that the utilization of this non-profit entity enhances the success of the development of the plan due to its reputation, donor contacts, and reasonable administrative fee. This approval is for the solicitation process only, chapter 103D-310, HRS, shall apply.

Please ensure adherence to applicable administrative requirements.

APPROVED

DISAPPROVED

for Chief Procurement Officer

cc: Administrator,  
State Procurement Office

## Attachment A

The Hawaii Community Foundation (HCF) will primarily assist DBEDT by being the aggregator of funds that will be contributed by state agencies as well as private foundations and private corporations. In addition, as a managing partner, HCF will participate in the conceptual development of the project and will be responsible for scheduling, project management and subcontracting for the plan. Specifically, HCF's role in the project will include, but not be limited to:

- Assuming the administrative, financial, and legal responsibilities for the receipt and disbursement of funds received from state agencies, as well as private foundations and private corporations and maintaining all financial records according to generally accepted accounting principles.
- Appointing an HCF employee to act as the principal for the project.
- Assisting in the selection of, and entering into a contract with a project coordinator.
- Assisting in the development and issuance of a Request for Proposal to hire a project consultant.
- Assisting in the selection of, and entering into a contract with the project consultant(s).
- Assisting in the selection of a statewide advisory group.
- Assisting in defining the role of the advisory group.
- Participating in a public relations campaign to inform the public about the planning process, scheduled meetings and outcomes.
- Participating in planning meetings throughout the state.
- Assisting in the completion of the final written strategic economic plan.
- Approving the final written strategic economic plan.
- Assisting in the dissemination of the information contained in the strategic economic plan to as wide an audience within Hawaii and outside of Hawaii as possible.
- Continuing in an advisory capacity throughout the implementation phase of the project.

## Attachment B

This Request for Exemption is being submitted because The Hawaii Community Foundation is the only organization with a proven record of providing the administrative support and technical assistance necessary to manage the administrative and financial aspects of such a huge undertaking as the *Economic Plan for the Creative Economy*. With a staff of approximately 40 employees, HCF has played similar roles in the past as an aggregator of funds from government, private, and corporate foundations. Private funders have a high level of confidence in HCF as a holder of such funds.

HCF has recently assisted with stewardship of \$2.5 million in charitable funds for the Agenda for Building Community, a five-year collaboration between seven funders. They also provided a similar service for a pooled fund from six different funders and oversaw the subcontracts under the Principal's Leadership Academy, a leadership development program for public school principals. Recently, HCF has been contracted by the Department of Health to manage and invest approximately \$40 million of the Tobacco Settlement Funds.

HCF was established in 1916 and is a nonprofit, statewide, charitable services and grant making institution endowed with contributions from many donors. Its mission is to help people make a difference by inspiring the spirit of giving and by investing in people and solutions to benefit every island community. With endowment funds of over \$284 million in charitable assets, HCF is among the top largest community foundations out of 600 across the nation. In 2003, the Foundation awarded \$26.5 million in grants statewide. In addition, it awarded 70 social capital grants totaling \$710,000; 57 organizational capacity building grants totaling \$987,000; distributed nearly \$3.0 million in scholarship awards to 1,600 students; established 24 new funds for a total of 350 funds; and facilitated \$3.0 million in philanthropic and public dollars for a number of worthy causes and organizations in the State.

DBEDT is very fortunate that HCF is willing to partner on this project. Their involvement will help to secure true, widespread and non-partisan community involvement with the project. **It should be noted that HCF has agreed to match DBEDT's contribution of \$50,000 towards the development of the plan which indicates HCF's commitment and support towards this worthwhile endeavor.**