

05 DEC -5 P2:47

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

On September 6, 2005, approval was granted (copy attached) for DBEDT to enter into an agreement with the Hawaii Community Foundation (HCF) to partner with DBEDT and to provide administrative and financial services for the development of an *Economic Plan for the Creative Economy*. Subsequently, we have been advised by HCF that they are now in full support of the newly formed 501(c)(3) organization, Community Links Hawaii (CLH), to act as the fiscal sponsor for the project instead of HCF. CLH was initially conceived after a study completed by HCF in 2004 pointed to the need for a non-profit organization that could provide fiscal sponsorship, backoffice administrative support services and capacity building technical assistance for new and small organizations, collaborative and time limited projects. While CLH is a new organization, its management has substantial experience in fiscal management and the *Economic Plan for the Creative Economy* is a perfect example of why HCF supported the creation of CLH. CLH will not only provide this project with a fiscal home but with the key capacity building support services that it will need to be successful in the long run. If HCF were to be the fiscal sponsor for the project, they believe it would defeat the reason why HCF supported the creation of CLH to begin with. At the time we requested exemption to work with HCF in this capacity, CLH was not fully organized or functional. HCF is strongly urging DBEDT to consider CLH as the fiscal sponsor for the project.

Therefore, 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 approximately \$350,000 - \$500,000 to produce. Both DBEDT and HCF will each contribute \$50,000 towards the development of the Plan. As a partner with DBEDT and HCF, CLH 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 a project coordinator and for the consultant(s).

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

Name of Vendor: Community Links Hawaii Address: 1184 Bishop Street, Suite 800 Honolulu, Hawaii 96813	Cost: 9% of the total cost of the plan will go towards CLH'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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REQUEST FOR EXEMPTION FROM CHAPTER 103D, HRS (Cont.)

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

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, CLH's capabilities are best suited for the described services.

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

CLH'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
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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)

Submit in Duplicate

Chief Procurement Officer's Comments:

Please ensure adherence to applicable administrative requirements.

APPROVED

~~DISAPPROVED~~

Alan S. Jyke 12/19/05

cc: Administrator,
State Procurement Office

Attachment A

Community Links Hawaii (CLH) 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. Specifically, CLH'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.
- Entering into a contract with a project coordinator.
- Issuing a Request for Proposal for a project consultant(s).
- Assisting in the selection of, and entering into a contract with the project consultant(s).
- Participating in planning meetings throughout the state when appropriate.
- Assisting in the completion of the final written strategic economic plan as it pertains to the financial aspects of the plan.
- Continuing in an advisory capacity throughout the implementation phase of the project when appropriate.

Attachment B

This Request for Exemption is being submitted because Community Links Hawaii (CLH) was specifically formed to provide backoffice administrative support, fiscal sponsorship, technical assistance for capacity building, and management services for major government contracts and grants. Private funders have a high level of confidence in CLH as a holder of funds to be committed for the development of an *Economic Plan for the Creative Economy*.

DBEDT is very fortunate that CLH is willing to become the fiscal sponsor for the project. Fiscal sponsorship allows a project to receive financial support from a private foundation or government entity, to receive tax deductible donations from individuals or corporations, and to engage in other activities generally reserved for organizations with a 501(c)(3). Most fiscal sponsors act only as a “pass through” – allowing the organization, group, or individual that does not have a 501(c)(3) to use the fiscal sponsor’s 501 (c)(3) status to receive funding. However, these types of fiscal sponsors do not take on the compliance oversight and other responsibilities associated with fulfilling the grant/contract requirements of the organization’s funders. Through its backoffice administrative support services, CLH will provide the compliance oversight and will assume all legal responsibilities for all grant activities. This helps assure that the funding is used appropriately and effectively.

Note: For further justification, please refer to the attached letter from HCF.



Rec'd
DEC -1 2005

HAWAII COMMUNITY FOUNDATION

November 29, 2005

Board of Governors

Robert R. Bean
Chairman

Barry K. Taniguchi
Vice Chair

Sylvia Yuen
Secretary

Maggie Cole
Treasurer

Judy Drosd
Chief Officer
Arts, Film, and Entertainment Division
DBEDT
State of Hawaii
P.O. Box 2359
Honolulu, HI 96804

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Eugene Bal, III

Mervina Cash-Kaeo

Gary Caulfield

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Anthony R. Guerrero, Jr.

Lawrence M. Johnson

Charlie King

Paul Kosasa

Bill D. Mills

David Nakada

Jennifer Sabas

Donna Tanoue

Jeffrey N. Watanabe

Dear Judy,

As you know, when discussions first began with your office in August of 2004, regarding your request that HCF serve as the fiscal sponsor for the Economic Plan for the Creative Economy, Community Links Hawaii (CLH) had not yet received its 501(c)(3) status from the IRS. Now that it has, we would like to strongly recommend that DBEDT use CLH as the fiscal sponsor for the Creative Economy project, instead of Hawaii Community Foundation (HCF).

Community Links Hawaii was initially conceived after a study completed by the Hawaii Community Foundation (HCF) in 2004 pointed to the need for fiscal sponsorship, back office administrative support services and capacity building technical assistance for new and small organizations, collaboratives and time limited projects. HCF provided the initial seed funding to CLH and assisted in the recruitment of its initial board members that includes individuals with decades of experience in fiscal management and strong ties to the local community. Several other major foundations in Hawaii have joined in this effort, including the Harold K.L. Castle Foundation, Walter Alexander Gerbode Foundation, Hawaiian Electric Industries Inc., and the James and Abigail Campbell Foundation.

While Community Links Hawaii is a new organization, it has substantial experience in fiscal management. Its founding Executive Director, Vance Yoshida, is the former Director of Operations and former Director of Program at the Tides Center. Moreover, CLH's systems are being developed by Datahouse, one of the largest and oldest IT firms in Hawaii that has developed systems for HCF and the Research Corporation of the University of Hawaii (RCUH), the largest fiscal sponsor in Hawaii. CLH is also developing its policies based on those of RCUH.

Neighbor Islands:

Hawai'i:
65-1279 Kawaihae Road
Parker Square, Room 203
Kamuela, Hawai'i 96743
Phone: 808-885-2174

Kaua'i:
3083 Akahi Street
Hale Pumehana, Suite 202
Lihu'e, Hawai'i 96766
Phone: 808-245-4585

Maui:
2241 B Vineyard Street
Wailuku, Hawai'i 96793
Phone: 808-242-6184

The Creative Economy project is a great example of why we supported the creation of CLH. CLH will not only provide this project with a fiscal home but with the key capacity building support services that they will need to be successful in the long run. HCF does not have the capability to provide the same level of service. If HCF were to be the fiscal sponsor for the Creative Economy project it would defeat the purpose of why we supported the creation of CLH and send the wrong message to our community. HCF is committed to providing grant support for this project and will be doing that through Community Links Hawaii.

If you have any questions, please do not hesitate to contact me.

Sincerely

A handwritten signature in cursive script that reads "Christine van Bergeijk". The signature is written in black ink and includes a long horizontal flourish extending to the right.

Christine van Bergeijk
Vice President for Programs

**STATE OF HAWAII
NOTICE OF EXEMPTION FROM CHAPTER 103D, HRS**

The Chief Procurement Officer is in the process of reviewing the request from the Department of Business, Economic Development and Tourism for exemption from Chapter 103D, HRS, for the following goods, services, or construction:

Services related to providing administrative and financial services for the development of an *Economic Plan for the Creative Economy*. Services to include, but not limited to; administrative, financial, and legal responsibilities for the receipt and disbursement of funds received from state agencies, as well as private and corporate foundations. In addition, Vendor will also be the contractor for a project coordinator and for the consultant(s).

Vendor: Community Links Hawaii

Address: 1184 Bishop Street, Suite 800
Honolulu, Hawaii 96813

Term of Contract: From: Upon Approval
To: Approximately 24 months

Cost: 9% of the total cost of the plan will go towards CLH's administrative fees, with the balance of funds contributed applied to the hiring of a project coordinator and consultant for the plan.

Direct any inquiries to:
Department: Business, Economic Development & Tourism

Contact Name/Title: Judy Drosd, Chief Officer
Arts, Film & Entertainment

Address: 250 S. Hotel Street, Suite 504
Honolulu, Hawaii 96813

Phone Number: 586-2364

Fax Number: 587-3833

Date Posted: 12/12/05

A copy of this notice of exemption from Chapter 103D, HRS, shall be posted by the Chief Procurement Officer and the purchasing agency in an area accessible to the public, at least seven (7) calendar days prior to any approval action.

Submit written objections to this notice to issue an exemption from chapter 103D, HRS, within seven (7) calendar days from the date posted to:

Chief Procurement Officer
Office/Agency _____
Address _____
