



**STATE PROCUREMENT OFFICE  
NOTICE OF AMENDMENT TO EXEMPTION FROM CHAPTER  
103D, HRS, CONTRACT**

1. TO: Chief Procurement Officer
2. FROM: Micah A. Kane, Chair, Department of Hawaiian Home Lands  
Department/Division/Agency
3. Name of Contractor: Shioi Construction, Inc. 4. P.E. Reference No. 08-067-J

5. Description of goods, services, or construction:  
Contractor shall furnish labor, materials, equipment, tools, transportation, permits, incidentals, and supplies to construct ten single family homes and remediate and complete of nineteen partially completed homes at Kekeha Residence Lots, unit 4, Kekaha, Kauai..

6. Scope of work for the contract is revised as follows:  
Construction of six complete homes will be increased to the construction of ten complete homes and remediation and completion of nineteen homes partially completed homes.

Original Contract Price: \$TBD Amended Contract Price:  
\$4,715,706.44

7. Reason: This / These amendment(s) are necessary because:  
See Attachment 1.

8. Direct questions to: Kamuela Cobb-Adams Phone: 808 620-9273

Agency shall ensure adherence to applicable administrative and statutory requirements.

9. *Pursuant to § 103D-102, HRS, and § 3-120-5, HAR, I certify that the information provided above is, to the best of my knowledge, true and correct*

*[Signature]* 8/1/08  
Department Head Date

Reserved for SPO Use Only

10. Date Posted: 8/07/08

11. Submit written objections to this notice of intent to amend a procurement exemption contract 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:

12.  APPROVED  DISAPPROVED

*[Signature]* 8/14/08  
Chief Procurement Officer Date

13. P.E. No. 08-067-J

7. Reason: This/These Amendments are necessary because:

- As explained in Procurement Exemption 08-067-J, it is DHHL's desire is to build the lessees' homes at Kekaha Residence Lots, Unit 4 that did not have a "performance" bond from Hardware Hawaii. Procurement Exemption 08-067-J incorrectly listed six homes to be built by a contractor as there are seven lessees' that lacked a "performance" bond from Hardware Hawaii.
- Since Fredco informed Hardware Hawaii that it was not going to complete construction of any homes with "performance" bonds on Friday, November 30, 2007, DHHL committed its resources to assure that Hardware Hawaii could resume construction as quickly as possible. DHHL has, among other things, provided its documents and information relating to the projects to Hardware Hawaii, participated in ongoing inspections of each of the homes to determine the remaining scope of work required to complete the homes, and met with Hardware Hawaii to assure construction starts. DHHL insisted that Hardware Hawaii take all possible actions to minimize delay and unnecessary impacts on DHHL's lessees, but Hardware Hawaii did very little to complete construction of any homes at Kekaha. In early March 2008, Hardware Hawaii informed DHHL for the first time that it did not have the financial ability to complete all of the homes that they bonded at DHHL projects on the islands of Hawaii, Kauai, and Lanai. On March 6, 2008 DHHL filed a law suit against Hardware Hawaii for not full filling it's obligations under the "performance" bond. In order to minimize the hardship to it's lessees, DHHL intends to complete the construction of the 22 homes that Hardware Hawaii failed to complete.

An amendment to increase the scope of work from the construction of 6 homes to the construction and completion of 29 homes is necessary due to the two above reasons.