

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

1. TO: Chief Procurement Officer
2. FROM: Budget and Finance, Employees' Retirement System

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:

3. Description of goods, services or construction: see attached	
4. Name of Vendor: Vitech Systems Group Address: 401 Park Avenue South, New York, NY 10016	5. Price: \$550,000
6. Term of Contract: From: January 2009 To: June 2010	7. Prior Exemption Ref. No.
8. Explanation describing how procurement by competitive means is either not practicable or not advantageous to the State: see attached	
9. Details of the process or procedures to be followed in selecting the vendor to ensure maximum fair and open competition as practicable: Competition is not practicable at the time as the proposed vendor is capable of providing the services needed in the time frame necessary because of its familiarity with the current program.	
10. A description of the agency's internal controls and approval requirements for the exempted procurement: A contract for services will be conducted under the supervision of David Shimabukuro, Administrator of the Employees' Retirement System and is subject to final approval by the Board of Trustees of ERS.	

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	
David Shimabukuro	Administrator	<input type="checkbox"/> Approval	<input checked="" type="checkbox"/> Administration
Wesley Machida	Assistant Administrator	<input type="checkbox"/> Approval	<input checked="" type="checkbox"/> Administration
		<input type="checkbox"/> Approval	<input type="checkbox"/> Administration
		<input type="checkbox"/> Approval	<input type="checkbox"/> Administration
		<input type="checkbox"/> Approval	<input type="checkbox"/> Administration
		<input type="checkbox"/> Approval	<input type="checkbox"/> Administration

13. Direct inquiries to:

Department: Employees' Retirement System
 Contact Name: Wesley Machida
 Phone Number: (808) 587-5380
 Fax Number: (808) 586-1677

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.*


 Department Head

1/7/09
 Date

Reserved for SPO Use Only

15. Date Notice Posted 1/12/09

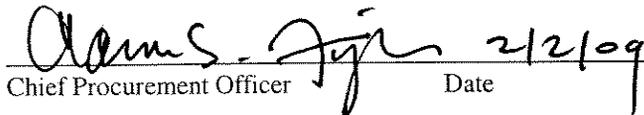
The Chief Procurement Officer is in the process of reviewing this request for exemption from Chapter 103D, HRS. Submit written objections to this notice to issue an exemption from Chapter 103D, HRS, within seven calendar days or as otherwise allowed from the above posted date to:

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

Chief Procurement Officer's comments:

Request withdrawn by agency.

16. APPROVED DISAPPROVED NO ACTION REQUIRED


 Chief Procurement Officer Date

Vendor: Vitech Systems Group

**Attachment- Notice of and Request for Exemption
from Chapter 103D, HRS**

Description of goods, services or construction:

Act 179, SLH, 2004 established a new "Hybrid Plan" that became effective on July 1, 2006. Approximately 35, 000 members enrolled in the new Hybrid Plan. Those who have prior non-contributory service were offered the option of purchasing an upgrade to such service, also members could purchase multiple upgraded months up to their full number of available months and they can pay for the upgrade via a transfer from other qualified retirement savings or from future pre-tax payroll deductions.

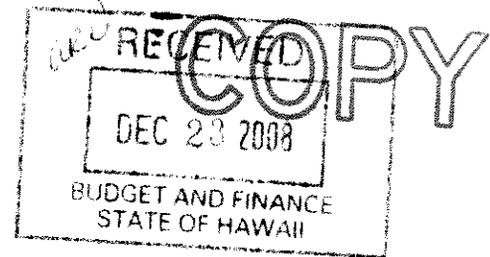
The ERS anticipates contracting a communications vendor(s) in January 2009 to administer this new program including initial member communications, customer support and counseling for eligible members considering the upgrade, enrollment processing for members electing a full or partial upgrade, processing of transfer payments, processing of employer deducted installment payments, and granting of upgraded pension credits based on received payments.

Selection of benefits (via election forms) must be made by the member starting from June 2009-December 2009. The information will be transmitted to ERS utilizing secure transmission. A web page accessible by the member would be set up for their use.

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

Vitech could begin the implementation in January of 2009 and have it fully completed and tested prior to the launch date of the Hybrid Upgrade Program. Vitech would support ERS in the administration of the Hybrid Upgrade Program through a Hybrid Upgrade Solution based on ERS' existing V3 system. ERS' V3 System already contains all of the member data necessary to support the related benefits communication and cost & benefit calculations. V3 also includes the necessary customer service, self-service, benefit election, billing, collections and pension processing capabilities.

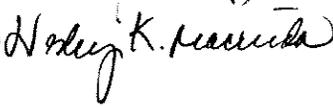
LINDA LINGLE
GOVERNOR



STATE OF HAWAII
EMPLOYEES' RETIREMENT SYSTEM
December 22, 2008

TO: Mr. Aaron S. Fujioka
Chief Procurement Officer
State Procurement Office

VIA: Ms. Georgina K. Kawamura
Director of Finance

FROM:  David Shimabukuro 
Administrator

SUBJECT: Notice of and Request for Exemption from Chapter 103D, HRS

We are requesting your approval to contract the services of Vitech Systems Group (Vitech) to modify the existing computer programs to calculate the actuarial costs and corresponding pension benefit increase to upgrade Noncontributory Plan service to Hybrid Plan service for more than 24,000 eligible Hybrid Plan members. The new ERS computer system known as V3 is a proprietary system that was implemented by Vitech.

Vitech will support ERS in the administration of the Hybrid Upgrade Program through a Hybrid Upgrade Solution based on ERS' existing V3 system. ERS' V3 System already contains all of the member data necessary to support the related benefits communication and cost & benefit calculations. V3 also includes the necessary customer service, self-service, benefit election, billing, collections and pension processing capabilities.

Vitech's implementation of the new Hybrid Upgrade Solution will be done via configuration of existing V3 features, minor V3 product enhancements where necessary, the development of necessary calculation batches, the development of necessary third party interfaces including interfaces to the communications vendor and State HR, and the deployment of supporting self-service functionality.



Employees' Retirement System
of the State of Hawaii

Chief Procurement Officer
December 22, 2008
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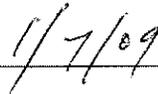
If you have any questions, please contact me at 586-1700 or Wesley Machida at 587-5380. Thank you for your consideration of our request.

APPROVAL

DISAPPROVAL



GEORGINA K. KAWAMURA
DIRECTOR OF FINANCE



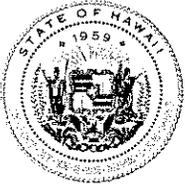
Date

APPROVAL

DISAPPROVAL

AARON S. FUJIOKA
CHIEF PROCUREMENT OFFICER

Date



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[Signature]

1/7/09

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Chief Procurement Officer's comments:

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APPROVED
 DISAPPROVED
 NO ACTION REQUIRED

[Signature] *2/2/09*
 Chief Procurement Officer Date

Vendor: Vitech Systems Group

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