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

1. TO: Head of Purchasing Agency
2. FROM: Alice Hall
3. Name of Contractor: First Hawaiian Bank
5. Description of goods, services, or construction:
P-card mandate from Comptroller.
6. Scope of work for the contract is revised as follows:
   Scope is not revised.

|----------------------------------|--------------------------|---------|

7. Reason: This / These amendment(s) are necessary because:
   Withdrawal of the exemption is appropriate since the exemption was not necessary. The Procurement circular 2003-06 amendment 5 dated March 22, 2005, requiring the use of p-cards for purchases under $2500, is not applicable to HHSC. Therefore, HHSC is not required to use p-cards issued by this vendor.

8. Direct questions to: Alice Hall, Director of Contract Management
   Phone: 733-4168

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

Alice Hall
Department Head
Date: 3-23-06

Date Posted:

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: Head of Purchasing Agency

   HHSC
   3675 Kamehameha Ave.
   Honolulu, HI 96816

Head of Purchasing Agency's Comments:

12. [ ] APPROVED  [ ] DISAPPROVED
    Head of Purchasing Agency
    Date

13. P.E. No. ________
STATE OF HAWAI'I
REQUEST FOR EXEMPTION FROM CHAPTER 103D, HRS

TO: HPA

FROM: Al Neves, HHSC Director, Materials and Contract Management

Pursuant to 103D-102(h)(8), HRS, and Chapter 3-120, HAR, the Department requests a procurement exemption to purchase the following:

Description of goods, services, or construction:

Request exemption from the code for the requirement directed in Procurement Circular dated March 22, Proc Cir 03-06 amendment 5, that all agencies except Univ of Hawaii and DOH are required to use purchasing cards (p-cards) for all goods and services under $2500.00 per transaction.

Name of Vendor: First Hawaiian Bank
Address: Honolulu, Hi.

Cost: N/A

Term of Contract: N/A From: To: Prior Exemption Ref No.

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

Adherence to this Procurement circular is neither advantageous nor practical to HHSC. Reasons: HHSC cash flow does not conform to the payment terms in the card program. Specifically if payment is not received within 30 days, then an interest and penalty amount is assessed. HHSC cannot meet these terms and cannot pay interest and penalty charges.

It is noted though that HHSC purchases most of these cost category items through on-line e-commerce, which is more practical and advantageous to HHSC, and in conformance with the Healthcare Industry procurement practices.

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

REQUEST FOR EXEMPTION FROM CHAPTER 103D, HRS

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

Again, the card system is not practical or advantageous to HHSC for reasons stated above. Most of HHSC's repetitive medical and pharmaceutical purchases are done by e-commerce with Prime vendors in the Group Purchasing Programs.

There is no current exemption for this category as requested by HHSC.

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

N/A
Direct questions to: Al Noves
Phone Number: 803-918-3204

This exemption should be considered for list of exemptions attached to Chapter 3-120. HAP Yes □ No □

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

Al Noves: SIGNED
Department Head or Designee Date 3-30-05

Director Materials and Contract Management

Head of Purchasing Agency Comments: I have approved legend for this request for exemption. I will be glad to help in any way to make this as smooth as possible. Submittal dated 03/23/05.

Kathleen Roberson, co. date 03/23/05

APPROVED □ DISAPPROVED

THOMAS M. DRISKILL, JR.
President & Chief Executive Officer

Date