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

The Head of the Procurement Agency (HPA) is in the process of reviewing the request from the Hawaii Health Systems Corporation for exemption from Chapter 103D, HRS, for the following goods, services, or construction:

Surgical instrumentation and rigid endoscopic repairs.

Vendor: The Scope Exchange

Address: 4210 Tudor Lane
Greensboro, NC 27410

Term of Contract: From: March 1, 2006 To: February 28, 2007 Cost: \$50,000

Direct any inquiries to:
Department: Hawaii Health Systems Corporation
Contract Name/Title: Kathy Saiki, Contract Manager
Address: 1027 Hala Drive, Honolulu, HI 96817

Phone Number:
(808) 832-3090
Fax Number:
(808) 832-3091

Date Notice Posted: 12/1/05

A copy of this notice of exemption shall be posted by the HPA 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 exempt contract within seven (7) calendar days from the date this notice was posted to:

Head of Purchasing Agency
Thomas M. Driskill, M.
Address 3675 Kilauea Avenue
Honolulu, Hawaii 96816

STATE OF HAWAII
REQUEST FOR EXEMPTION FROM CHAPTER 103D, HRS

TO: HPA
FROM: Hilo Medical Center

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:

Surgical instrumentation and rigid endoscopic repairs

Name of Vendor: The Scope Exchange
Address: 4210 Tudor Lane Greensboro, NC 27410

Cost: \$50,000

Term of Cont From: 3/1/06 To: 2/28/07 Prior Exemption Ref No. NONE

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

Historically, HHSC has tried other companies that have attempted to provide this service. The overall results have been negative. There are two examples of having to send scopes back to the manufacturer for repair after other service centers attempted their "repair". This contributes to unforeseen costs and untimely delays.

The Scope Exchange is the only company to stand the test of time in being able to deliver consistent, quality workmanship acceptable to all HHSC facilities. Also over the past year we have made five purchases of new scopes manufactured by The Scope Exchange. These high quality scopes were purchased for \$990 each. Less than half the price of most other manufacturers. The Surgical staff has been very happy with these scopes. And now we are in a position where The Scope Exchange is unquestionably the best source of repair because they are in fact the manufacturer.

Repair of endoscopic and surgical instruments is extremely tedious and delicate work. It is not a realistic goal at this time to find another company as capable at such a reasonable price.

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

The facility has used the other available vendors and has determined that they cannot meet the needs of the facility in obtaining fast and correct repairs to this vital equipment.

REQUEST FOR EXEMPTION FROM CHAPTER 103D,HRS

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

The exemption request is reviewed by senior management of the facility, then forwarded to the corporate director of contract management. After her changes are incorporated and the facility management has approved the request, the President & CEO of our Corporation approves requests over \$200,000 or those covering more than one facility. The smaller requests can be approved by the director of contract management.

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

Thomas M. Driskill, Jr. – CEO
Kelley Roberson – COO/CFO
Alice Hall – Director of Contract Management
Tom Gebken – Bio Med, Hilo Medical Center

Direct questions to: Tom Gebken – Chairman of Biomedical Services Taskforce

Phone Number: (808) 242-2675

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

Thomas Gebken 11/29/05

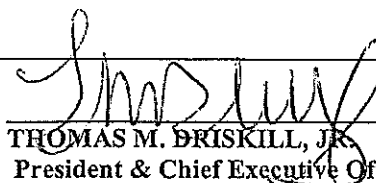
Department Head or Designee Date

Chairman, Biomedical Services Task force

Title

Chief Procurement Officer's Comments:

APPROVED DISAPPROVED


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