PROCUREMENT POLICY BOARD MEETING
April 17, 2008
1:00 pm
Conference Room 410
1151 Punchbowl Street
Honolulu, Hawaii 96813

Members Present

Gregory King, Chair
Pamela Torres, Vice-Chair
Russ Saito, Secretary
Leslie Chinen, member
Keith Matsumoto, member
Daryle Ann Ho, member

Excused

Darryl Bardusch, member

Others

Aaron Fujioka, State Procurement Office
Ruth Yamaguchi, State Procurement Office
Justin Fo, State Procurement Office
Colin Tanaka, State Procurement Office
Pat Ohara, Office of the Attorney General

Agenda Item I - Call to Order

Chair Greg King called the meeting to order at 1:03 p.m.

Agenda Item II - Minutes

Mr. Keith Matsumoto made a motion, seconded by Mr. Russ Saito, to approve the minutes of the February 21, 2008 meeting. The motion was unanimously carried.

Agenda Item III

Mr. Aaron Fujioka explained the proposed amendments to Chapter 3-121 on procurement organization. The proposed historical note on page 121-2 tracks the prior interim rule amendments. §3-121-1 Duties and advisor, was amended to add the PPB audit procedures, as requested by the board. §3-121-1.01 Meetings, amends the format for clarity; and deletes repetitive language. Mr. Fujioka also pointed out the numbering correction to page 121-4, subsection (b). §3-121-6, Authority and duties, has been amended to add 'vendor lists', as the CPO also issues these. The corrections to page 121-

6, renumbering the second (2) to (3), and §3-121-17, Limits to delegation of authority, correction to page 121-9, renumbering the second (4) to (5) were also noted.

The board requested amending §3-121-1 Duties and advisor language on who may be audited.

(a) The duties of . . . HRS. The procurement policy board:

- (1) Shall audit and monitor the implementation of its rules . . .;
- (2) May annually audit any entity subject to HRS chapters 103D and 103F, to be randomly selected, to ensure compliance with chapters 103D and 103F; and
- (3) May select any entity subject to HRS chapters 103D and 103F, for compliance audits based upon:
  - (A) A pattern of non-compliance; or
  - (B) Any justification determined by the procurement policy board to warrant an audit.

Mr. Saito made a motion, seconded by Mr. Matsumoto, to approve the adoption, as interim rules, HAR Chapter 3-121 as amended, including the board's amendments and with the corrections as earlier noted. The motion was unanimously carried.

Agenda Item IV

Mr. Fujioka explained the proposed amendments to Chapter 3-128, on governmental relations and cooperative purchases. The proposed historical note on page 128-2 tracks the prior interim rule amendments. §3-128-2, Cooperative purchasing subject to chapter 103D, HRS, is amended for clarity by requiring in subsection (a), the prior written CPO approval, and by adding a provision detailing the prohibition of 'piggyback' onto an existing contract. §3-128-3, Cooperative purchasing agreements between procurement units and §3-128-7, Procurement of goods produced or services performed by governmental institutions, contain housekeeping amendments. §3-128-8, Compliance with federal requirement, is amended to clarify the applicability of this chapter.

The board requested amending §3-128-2, Cooperative purchasing subject to chapter 103D, HRS, language reflecting that the public notice needs to done by both the entity subject to HRS chapter 103D, as well as the external procurement unit, which must include the subject entity in its public notice.

Mr. Saito made a motion, seconded by Ms. Pamela Torres, to approve the adoption, as interim rules, HAR Chapter 3-128 as amended, including the board's amendments to be revised by Ms. Patricia Ohara and SPO, and with the corrections as earlier noted. The motion was unanimously carried.

Agenda Item V

Ms. Saito requested that next month's agenda include a report by Ms. Ohara on the various versions of the proposed HAR Chapter 3-125, prompt payment rule changes.

Mr. Fujioka stated that the next board meeting is tentatively scheduled for Thursday, May 15, 2008 at 1:00 pm and that the request by Mr. Darryl Bardusch regarding administrative rule exemptions will be included on the agenda.

Agenda Item VI

Mr. Leslie Chinen made a motion, seconded by Ms. Daryle Ann Ho, to adjourn the meeting. The motion was unanimously carried. The meeting was adjourned at 2:42 p.m.

Respectfully submitted,

5/6/08
Date

RUSS K. SAITO, Secretary
Procurement Policy Board

Attachment: April 17, 2008 Agenda

PROCUREMENT POLICY BOARD
1151 Punchbowl Street
Conference Room 410
Honolulu, Hawaii 96813

Regular Meeting
April 17, 2008
1:00 pm

AGENDA

I. Call to Order.

II. Approval of Minutes – Meeting of February 21, 2008.

III. Proposed rules to HAR Chapter 3-121, *Procurement Organization*, for consideration as interim rules by adding audit procedures by the Procurement Policy Board.

IV. Proposed rules to HAR Chapter 3-128, *Governmental Relations and Cooperative Purchasing*, for consideration as interim rules by amending cooperative purchasing.

V. Announcements.

VI. Adjournment.

Available agenda items may be viewed at www.spo.hawaii.gov/procurement-policy-board-minutes-of-meeting. Individuals may present testimony on matters on the Procurement Policy Board's agenda when the agenda item is being discussed by the Board. Individuals intending to testify should contact the State Procurement Office at (808) 587-4700 at least 48 hours before the scheduled meeting. Written testimonies will be accepted through e-mail at procurement.policy.board@hawaii.gov or faxed to (808) 587-4703 until 1:00 pm, April 15, 2008. Testimonies received after the April 15, 2008 deadline will be forwarded to the board after the April 17, 2008 meeting. Individuals submitting written testimony at the meeting and would like the written testimony distributed to the board at this meeting, are requested to provide 12 copies.

Individuals requiring special assistance or services may call (808) 587-4700 by 1:00 p.m., April 14, 2008 to discuss accommodation arrangements.