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

- 1. TO: Chief Procurement Officer
- 2. FROM: Department of Attorney General, Tax Division

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: Ashford & Wriston LLP Address: Alii Place, 1099 Alakea St., Ste. 1400, Honolulu, HI	5. Price: \$50,000.00
6. Term of Contract: From: <u>3/19/09</u> <i>AK</i> <del>Upn CPO Appr</del> To: Case Conclsn	7. Prior Exemption Ref. No. 0

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:  
See attached.

10. A description of the agency's internal controls and approval requirements for the exempted procurement:  
Mark Bennett, Attorney General and/or Lisa Ginoza, First Deputy Attorney General review and approve all exempt procurements.



ATTACHMENT FOR  
NOTICE OF AND REQUEST FOR EXEMPTION  
FROM CHAPTER 103D, HRS FOR THE RETENTION OF  
CUYLER SHAW, ESQ., ASHFORD & WRISTON (CONTRACT NO. 57091)

3. Description of goods, services or construction:

Cuyler Shaw, Esq. of Ashford & Wriston LLP, was retained to represent the State of Hawaii as a special deputy attorney general in a chapter 11 reorganization case, In re Aloha Airlines, et al., Bk. Case No. 08-00337 (Chapter 11, Jointly Administered) in the United States Bankruptcy Court for the District of Hawaii pursuant to Hawaii Revised Statutes § 103D-304. Mr. Shaw's services were engaged by a contract effective March 19, 2008 through December 1, 2008.

The case was converted to one under Chapter 7 on April 29, 2008 and a trustee was appointed to administer the Debtors' assets. The Chapter 7 trustee decided to cease Aloha Airlines' (the "Debtors") operations and liquidate all assets to distribute the proceeds to the Debtors' creditors. The State is one of those creditors and has not yet been paid on its claims, which include several millions of dollars in airport fees and rents owed from a previous bankruptcy filing.

The State did not believe that there would be a dispute as to what the amount of its claims were and did not anticipate that it would have to take affirmative action against the Debtors to collect on its claims. Before such action could be initiated and before the contract could be renewed, the contract expired.

To take affirmative action against the Debtors, the State must again retain an attorney skilled in complex bankruptcy litigation.

As a result of his work for the State under the contract that expired, Mr. Shaw is intimately familiar with the State of Hawaii's claims against the Debtors and what strategies would best be employed to maximize the State of Hawaii's recovery on its claims. The State of Hawaii will have to initiate an action against the Debtors in Bankruptcy Court to fully recover on its claims. Any change in counsel as the bankruptcy case winds to its conclusion could work

against the interests of the State as a creditor, among other things, because a new attorney would have to review several thousand pages/pleadings on file in the pending case. It is also possible, given the number of attorneys already involved in the pending bankruptcy, that the State would have difficulty retaining counsel of Mr. Shaw's experience and capability.

4. Name of Vendor:

Ashford & Wriston LLP  
Cuyler Shaw, Esq., partner

Address:

Alii Place  
1099 Alakea Street, Suite 1400  
Honolulu, HI 96813

5. Price:

Original contract amount: \$100,000.00

Supplemental Contract No. 1 dated July 1, 2008 amount:  
\$25,000.00

Additional contract amount under this requested exemption:

\$50,000.00

6. Term of Contract:

From: Upon CPO Approval

To: Case Conclusion

7. Prior Exemption Ref. No.

N/A

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

See Paragraph No. 3 above. Mr. Shaw and Ashford & Wriston represented the State of Hawaii in the Debtors' initial Chapter 11 and subsequent Chapter 7 bankruptcy case.

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

See Paragraph No. 3 above. Mr. Shaw and Ashford & Wriston represented the State of Hawaii in the Debtors' initial Chapter 11 and subsequent Chapter 7 bankruptcy case.