

PROCUREMENT POLICY BOARD MEETING

June 18, 2009

1:00 pm

Conference Room 410

1151 Punchbowl Street

Honolulu, Hawaii 96813

Members Present

Pamela Torres, Chair  
Russ Saito, Secretary  
Leslie Chinen, member  
Daryle Ann Ho, member  
Keith Matsumoto, member

Others

Aaron Fujioka, State Procurement Office  
Ruth Yamaguchi, State Procurement Office  
Patricia Ohara, Department of the Attorney General  
John Cheung, CC Engineering & Construction  
Audrey Hidano, Hidano Construction  
Kevin Vegas, Grainger  
Lance Inouye, GCA/Ralph S. Inouye Co., Ltd.  
Glenn Nohara, GCA/Koga Engineering & Construction, Inc.  
Kathy Kanemori, Honolulu Board of Water Supply  
Roy Ogawa, BIA, Ogawa Lau Nakamura  
Ken Takenaka, GCA

Agenda Item I - Call to Order

Chair Pamela Torres called the meeting to order at 1:00 p.m.

Agenda Item II - Minutes

Mr. Russ Saito made a motion, seconded by Mr. Keith Matsumoto, to approve the minutes of the May 21, 2009 meeting. The motion was unanimously carried.

Agenda Item III

Mr. Saito made a motion, seconded by Mr. Matsumoto to defer agenda item III to a subsequent meeting.

Chair Torres requested background information from the State Procurement Office (SPO) on placing items on the agenda. Mr. Aaron Fujioka explained that if SPO needed the Board's input on a particular issue, the item would be placed on the draft agenda for the Board's consideration. If the request comes from the public in a timely manner, it would also be placed on the draft agenda that is sent to the board prior to finalizing and posting. Otherwise, that request would be placed on the Board's subsequent meeting draft agenda.

The board's concern is that guest attendees will sometimes wish to discuss an item or subject that is not on the agenda and how to address these situations. Ms. Patricia Ohara stated that only items on the agenda may be discussed at the meeting. Following discussion of options by the Board, Chair Torres requested that the minutes reflect that anyone may request during the agenda item "Announcements" to have an item placed on a subsequent Board agenda.

Mr. Saito withdrew his motion.

#### Agenda Item IV

Mr. Lance Inouye explained to the Board that he believed that percentages for forced accounts would apply to change orders, but that some agencies are interpreting the rules differently. He stated that the purpose of the amended rule he proposed is to help clarify and alleviate problems occurring currently and is what the GCA envisioned with the implementation of Act 291. Mr. Inouye passed out an updated version of the amendment and would like the Board to amend the rules as opposed to going back to the Legislature to pass another bill.

Mr. Inouye also stated that agencies are including in their specifications change orders at 15% and 7% which were contained in the old rules.

After discussing the matter, the board acknowledged Mr. Inouye's concerns but felt that the amendment would not address all of his concerns.

Mr. Matsumoto made a motion, seconded by Ms. Daryle Ann Ho to establish an investigative committee to follow up on HAR §3-125-13, to be comprised of a board member (Mr. Leslie Chinen/Mr. Keith Matsumoto), SPO, state agency (DAGS), county agency (BWS) and GCA/BIA and to have the committee report back to the Board. The motion was unanimously carried.

#### Agenda V

Mr. Matsumoto made a motion seconded by Ms. Ho to go into an executive session. The motion was unanimously carried.

The Board went into executive session at 2:20 pm.

Chair Torres called the meeting back to order at 2:57 pm.

Agenda IX VI

Mr. Fujioka announced the next board meeting is scheduled for the third Thursday, July 16, 2009 at 1:00 pm. He also announced that the public hearing for the interim rules is scheduled for July 13, 2009 and that SPO will be e-mailing the board members with details should they want to attend.

Mr. Matsumoto made a motion, seconded by Mr. Saito, to adjourn the meeting. The motion was unanimously carried. The meeting was adjourned at 3:06 p.m.

Respectfully submitted,

7/1/09  
Date

Russ K. Saito  
RUSS K. SAITO, Secretary  
Procurement Policy Board

Attachment: June 18, 2009 Agenda

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

Regular Meeting  
June 18, 2009  
1:00 pm

AGENDA

- I. Call to Order.
- II. Approval of Minutes – Meeting of May 21, 2009.
- III. Board’s request to discuss the process on how items are to be included on the agenda.
- IV. Request by Lance Inouye, General Contractors Association, regarding proposed change to HAR Section 3-125-13 (Addition to the Price Adjustment Clause in Construction Contracts).
- V. Executive Session to discuss personnel matters in the recruitment for Administrator, State Procurement Office.
- VI. Announcements.
- VII. Adjournment.

Agenda and available agenda items may be viewed at <http://hawaii.gov/spo/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](mailto:procurement.policy.board@hawaii.gov) or faxed to (808) 587-4703 until 1:00 pm, June 16, 2009. Testimonies received after the June 16, 2009 deadline will be forwarded to the board as time permits. 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., June 15, 2009 to discuss accommodation arrangements.