



JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA

BONNIE KAHAKUI
ADMINISTRATOR

**PROCUREMENT POLICY
BOARD**
RICHARD HELTZEL
LANCE INOUE
LISA MARUYAMA
KEITH REGAN

STATE OF HAWAII | KA MOKU'ĀINA O HAWAII'
PROCUREMENT POLICY BOARD

P.O. Box 119
Honolulu, Hawaii 96810-0119
Tel: (808) 587-4701
Email: state.procurement.office@hawaii.gov
<http://spo.hawaii.gov>

Procurement Policy Board

Minutes of Meeting

Date/Time: Thursday, July 10, 2025, 9:30 a.m.

Locations: State Procurement Office Bid Room
Kalanimoku Building, Room 416
1151 Punchbowl Street
Honolulu, Hawaii 96813

Virtual Meeting Using Interactive Conference Technology – Microsoft Teams

Members Present: Rick Heltzel
Lance Inouye
Lisa Maruyama
Keith Regan

Deputy Attorney General: Stella Kam (joined at 11:05 am, following the conclusion of a prior meeting)

State Procurement Office: Bonnie Kahakui, Administrator
Ruth Baker (in public location)
Jacob Chang
Matthew Chow
Stacey Kauleinamoku-Murakami
Chan Lee
Kelli Nekomoto

Carey Ann Sasaki
Cynthia Sato
Keari Shibuya
Donn Tsuruda-Kashiwabara
Rommanee Woutila
Alan Yeh

Guests: Steven Melendrez, Department of Budget & Finance, Employees' Retirement System

Tim Lyons
Jeff Masatsugu
Ryan Sakuda
Nietzsche Tolan

I. Call to Order, Public Notice

Chair Lisa Maruyama called the Procurement Policy Board (PPB) meeting to order at 9:37 a.m. held on Microsoft Teams and in-person at the physical location. The meeting was recorded.

II. Roll Call, Quorum

Roll call was taken of the PPB members; there was quorum. Staff of the State Procurement Office (SPO) introduced themselves.

III. Consideration and Approval of Minutes

a. February 28, 2025

Motion to approve by Member Rick Heltzel, seconded by Member Lance Inouye. After discussion, revisions were made to the minutes to show that proposed amendment to Hawaii Administrative Rules §3-122-16.31 (d)(2) were reviewed and discussed. The motion was amended to approve the revised minutes. The motion carried.

Note that the PPB had made revisions to the February 14, 2025, meeting minutes at the February 28, 2025, meeting. The revised minutes for the meeting on February 14, 2025, should have been included in the Board packet for July 10, 2025.

b. March 28, 2025

Motion to approve by Comptroller Keith Regan, seconded by Member Heltzel. Senate Bill 328 was corrected to read Senate Bill 382. The motion carried to approve the minutes as amended.

c. April 11, 2025

Motion to approve by Comptroller Keith Regan, seconded by Member Heltzel. Motion to approve with additional clarification on the reason why the minutes were deferred and that the PPB requested a chart to track changes made to the Hawaii Administrative Rules. The motion carried to approve the minutes as amended.

As previously noted, the chair requested that any revised minutes be included in the subsequent Board packet.

IV. Public Testimony

Chair Maruyama announced that public testimony will be taken on all items as those items occur during the meeting, and that remote testifiers will be given the option of being on-camera via the Microsoft Teams link in this agenda or similar option for remote testimony.

V. Administrator's Presentation on 2025 Legislation Related to Procurement (For Information Only)

In accordance with the Sunshine Law, the Board Packet includes a list of procurement legislation, the State Procurement Office's position, the position of other entities, and the status of the legislation.

Written testimony: None
Oral testimony: None

Administrator Bonnie Kahakui of the State Procurement Office (SPO) provided an update on the bills that the SPO is tracking.

- House Bill 987 / Act 206, Relating to Procurement, establishes a special fund for the State Procurement Office. As a housekeeping amendment to update Hawaii Revised Statutes Chapter 103D, by adding the Executive Director of the School Facilities as a Chief Procurement Officer.
- Senate Bill 383 / Act 262, Relating to Small Purchases, increases the minimum amount for purchases constituting small purchase procurements not subject to an electronic system from \$25,000 to \$50,000 and requires the State Procurement Office to submit a report to the Legislature.
- House Bill 412 / Act 63, Relating to Lobbying, is a campaign spending bill which states that a lobbying violation could void a contract after the Department of the Attorney General consults with the head of the purchasing agency impacted.
- Senate Bill 1651 / Act 169, Relating to Public Hearings, clarifies that Board Packets must be posted three full business days before a public meeting.
- House Bill 300 / Act 250, Relating to the State Budget, includes an appropriation for our Small Business Coordinator position for Fiscal Year '26 and Fiscal Year '27. The State Procurement Office's Small business Coordinator, Keari Shibuya, is working on drafting small business rules, which will be reviewed by the PPB.

Chair Maruyama asked about the implications of Senate Bill 383 / Act 262. Administrator Kahakui said that the report to be submitted will require the SPO to request procurement information (such as the number of transactions under \$50,000) from the Chief Procurement Officers. The Chair asked that the PPB be kept informed on the implementation of this law and how it affects the State Procurement Office.

Since Senate Bill 382 and House Bill 988 did not pass, Chair Maruyama asked how this will impact the PPB's decision on the proposed amendments to Hawaii Administrative Rules 3-122-9.01 about disclosure. Administrator Kahakui explained that the PPB can add clarifying language to the rules to support the existing statute.

There were no questions from the public.

VI. Review and Possible Approval of Proposed Amendments to Hawaii Administrative Rules Chapter 3-122 – Source Selection and Contract Formation

The PPB reviewed the proposed amendments to Hawaii Administrative Rules, Chapter 3-122, Source Selection and Contract Formation, as summarized in agenda and chart enclosed in the Board packet. The amendments addressed Subchapters 2, 4, 4.5, and 5, and included revisions for clarity, consistency, and style; the addition or correction of source selection methods; and updates to reflect current procurement practices.

The proposed rules were presented for review because certain items had been deferred from prior meetings, the discussion had not been concluded, or the amendments had been inadvertently omitted from previous agendas. The PPB noted that the proposed rules were available for public review in person at 1151 Punchbowl Street, Room 416, Honolulu, HI 96813, and online at the State Procurement Office's website in accordance with section 91-2.6, Hawaii Revised Statutes.

Administrator Kahakui introduced Purchasing Specialist Carey Ann Sasaki, who presented the proposed amendments.

1. **Subchapter 2 – General Provisions**

§3-122-9.01 – Disclosure of information. After much discussion, the members concurred with the amendment to subsection (b), which shall read as follows:

(b) A purchasing agency shall not disclose the ~~[name]~~names of ~~[members of an]~~the evaluation committee members established by section 3-122-45.01 prior to the posting of the award pursuant to section 3-122-57(a) for multi-step bids and competitive sealed proposals.

The Board had discussed the merits of the amendment, the difference of opinion between the State and City on disclosure, and the ambiguity of when the disclosure of information is allowed. Administrator Kahakui explained that disclosure of information would be contrary to Hawaii Revised Statutes §92F-13, Frustration of Government Operations. Deputy Attorney General Stella Kam, who joined the meeting during this discussion, recommended deferring the proposed amendments to subsections (a) and (b) until the outcome of Senate Bill 382 and House Bill 988 is known. These disclosure-related bills are expected to carry over to the 2026 Legislative Session.

2. **Subchapter 4 – Methods of Source Selection and General Guidance**

- §3-122-16 – Methods of source selection. – The members concurred with the addition of missing source selection methods: “Subchapter 5 – Competitive Sealed Bidding” and “Subchapter 6.5 – Multi-Step Competitive Sealed Bidding.” This amendment is to align with Hawaii Revised Statutes §103-302, as amended by Act 239, Session Laws of Hawaii 2013, added competitive sealed bidding as a method of source selection.
- §3-122-16.05 – Pre-bid or pre-proposal conference – The members concurred with the amendment to subsection (c) to delete “to all prospective offerors” for clarity, consistency, and style.

3. **Subchapter 4.5 – Source Selection for Federal Grants**

- §3-122-16.31 – Exception; request for interest for federal grants. – The members concurred with the amendment to (d)(2) by deleting “or clients” for clarity.

VII. Formal Approval of Proposed Amendments to Hawaii Administrative Rules, Chapter 3-122, Source Selection and Contract Formation

The Board packet included a [chart](#) with proposed amendments to Hawaii Administrative Rules Chapter 3-122, Subchapters 2, 3, 4, 4.5, and 5. The Board reviewed and discussed the amendments during previous meetings, with meeting dates noted in the chart.

As provided in section 91-2.6, Hawaii Revised Statutes, the proposed rules in Ramseyer format were available for viewing as follows:

- In person at 1151 Punchbowl Street, Room 416, Honolulu, HI 96813
- Online at:
https://spo.hawaii.gov/wp-content/uploads/2025/07/RAM-HAR-3-122-Subchapters-2-to-5_am_PPB-071025.pdf

Online through the SPO website at <https://spo.hawaii.gov>; by clicking on [Procurement Policy Board](#), on [Proposed Amendments to Hawaii Administrative Rules Chapter 3-122](#), then on [3-122 \(Proposed 07/10/25\)](#)

Purchasing Specialist Sasaki went over the following proposed amendments to Hawaii Administrative Rules for formal approval by the PPB.

1. Subchapter 2 – General Provisions

- §3-122-9 – Use of electronic communication. – Amend the following:
 - a. §3-122-9 (c)(2)(E) – Add “including pages” and remove “an original” as electronically submitted offers with electronic signatures are accepted. The PPB reviewed and concurred with this amendment on 2/14/25.
 - b. §3-122-9 (c)(2)(F) – Revise by removing the extra “and” to correct grammar and the sentence structure. The PPB reviewed and concurred with this amendment on 2/14/25.

2. Subchapter 4 – Methods of Source Selection and General Guidance

- §3-122-16.03 – Public notice. – Amend the following:
 - a. §3-122-16.03 (b)(2) - Remove “and a phone number or e-mail address where interested parties may request a copy.” The PPB reviewed and concurred with this amendment on 2/28/2025.
 - b. §3-122-16.03 (b)(3) - Remove “How long the solicitation will be available” and replace with “The deadline for the responses to the solicitation” so there is a clear due date when offers are due. The PPB reviewed and concurred with this amendment on 2/28/2025.
 - c. §3-122-16.03 (b)(4) – Add “contact information,” which is inclusive of all types of contact information (such as email address, phone number, etc.). Also, add “if any.” The PPB reviewed and concurred with this amendment on 2/28/2025.
 - d. §3-122-16.03 (b)(7) – Add new subsection (b)(7). On 2/14/2025 (correct date), after review of the amendment, the PPB concurred that the language will read as follows:

(7) A copy of the solicitation shall be made available [for public inspection and pick-up] electronically and/or may be picked up at the respective issuing office [of the procurement officer issuing the solicitation].

- f. §3-122-16.03 (d)(1) - Remove “or provider.” This amendment enhances clarity, consistency, and style by specifying that public notices shall, at a minimum, be published on a purchasing agency’s website. It also clarifies that notices may be sent by mail or electronically to individuals on relevant mailing lists, ensuring that the purchasing agency remains responsible for public notifications. Additionally, it notes that “Provider,” as defined in §103F-102, HRS, refers to an organization or individual contracted by a state agency to provide health or human services to the public on its behalf. The PPB reviewed and concurred with this amendment on 2/28/2025.
 - g. 3-122-16.03 (d)(2)(B) - Replace “electronic mail, or facsimile transmission” with “or electronically.” The PPB reviewed and concurred with this amendment on 2/28/2025.
 - §3-122-16.05 – Pre-bid or pre-proposal conference. – Amend subsections (a), (b), and (f).
 - a. §3-122-16.05 (a) - Amend for clarity, consistency, and style to reflect that pre-bid or pre-offer conferences are optional. The PPB reviewed and concurred with this amendment on 2/28/2025.
 - b. §3-122-16.05 (b) – Remove subsection (b) in its entirety as it has been invalidated by the Department of Commerce and Consumer Affairs (DCCA), Office of Administrative Hearings (OAH), in *Greenleaf Distribution Services, Inc. v. City and County of Honolulu; PCH-2004-7, September 2, 2004*. The PPB reviewed and concurred with this amendment on 2/28/2025.
 - c. §3-122-16.05 (f) – Add “including questions and answers” to subsection (f), which will now be read as subsection (e). This amendment provides clarity and consistency and ensures fair competition by requiring that a conference summary – including questions and answers, any changes to the solicitation, and other information, shall be issued as an addendum to be provided sufficiently in advance of the receipt of offers. Delete “those” for

grammar. Also delete “known to have received a solicitation,” as it is difficult to determine whether prospective offers have received that information. The PPB reviewed and concurred with this amendment on 2/28/2025.

- §3-122-16.06 – Amendment and clarification to solicitation. Changed (a) back to original verbiage and amend (d) and (e).
 - a. (a) An addendum shall be issued for amendments and clarifications to a solicitation prior to submission of offers, except as provided in subsection (f).
 - b. §3-122-16.06 (d) – Revise to read “Addenda shall be issued to all prospective offerors.” The PPB reviewed and concurred with this amendment on 2/28/2025.
 - c. §3-122-16.06 (e)(1) – Replaced “distributed” with “published” and add “or electronic means” to allow electronic communications. PPB reviewed and concurred with this amendment on 2/28/2025.
- §3-122-16.07 – Pre-opening modification or withdrawal of offer. - Amend for clarity, consistency, and style to reflect that an offeror’s modification may be submitted electronically. PPB reviewed and concurred with this amendment on 2/28/2025.

On 7/10/25, PPB noted and concurred with additional amendment to (1)(B) that was inadvertently left out. The section will now read:

(1) (B) ~~[A facsimile or]~~ An electronic notice accompanying the ~~[actual]~~ offeror’s modification submitted ~~[either by facsimile machine, electronic mail, or an electronic procurement system]~~ electronically pursuant to section 3-122-9 to the office designated in the solicitation; provided if other than through an electronic system, offeror submits the actual written notice and modification within two working days of receipt of the ~~[facsimile or the]~~ electronic transmittal.

- §3-122-16.08 – Late offer, late withdrawal, and late modification. – Amend subsections (a) and (b) for clarity, consistency, and style to remove hard to read language that results in confusion.
 - a. The amendment to (a) requires written documentation for the reason late offer, withdrawal or modification is accepted by the head of the purchasing agency. PPB reviewed and concurred with this amendment on 2/28/2025. On 7/10/2025, PPB also amended (a) to add, “, and supported by a written determination by the head of the purchasing agency” and deleted “within the procurement activity.”
 - b. The amendment to (b), is for clarity, consistency, and style, as well to replace “procurement activity” with “purchasing agency” as defined in 103D-104, Hawaii Revised Statutes. PPB reviewed and concurred with this amendment on 2/28/2025.

4. Subchapter 4.5 – Source Selection for Federal Grants

- §3-122-16.30 – Purpose. Amend (a) and (b):
 - a. §3-122-16.30 (a) and (b) - Replace “providers” with “contractors” for clarity, consistency, and style to reflect that respondents selected for federal grants are contractors. “Contractor” is a more accurate term because it pertains to the procurement of goods, services, or construction and defined in §103D-104, HRS, while “provider” pertains to the purchases of health and human services and is defined §103F104. PPB reviewed and concurred with this amendment on 3/28/25.

- b. §3-122-16.30 (b) – Remove “the appropriate source selection methods” to reference the whole section 3-122-16 for clarity in subsection (b), thus will read:

(b) The selection of [~~providers~~] contractors for federal grants shall be in accordance with [~~the appropriate source selection methods in~~] section 3-122-16.

Section 3-122-16 lists all the methods of source selection. As discussed at the 2/14/25 meeting, the proposed amendment to §3-122-16 adds source selection methods “Subchapter 5 – Competitive Sealed Bidding” and “Subchapter 6.5 – Multi-Step Competitive Sealed Bidding, pursuant to 103D-301, HRS, as amended by [Act 239, Session Laws of Hawaii 2013](#). Deputy Attorney General opined that removing the phrase “the appropriate source selection methods” does not affect, reduce, or limit the methods of source selection used. PPB reviewed and concurred with this amendment on 3/28/25.

- o §3-122-16.31 – Exception; request for interest for federal grants. – Amend (b), (d), (e), and (f):
 - a. §3-122-16.31 (a) – Add “when applying for a grant or after receipt of a grant”. This amendment is to ensure the purchasing agency fulfills its due diligence and remains with the contractor specified in the federal grant and does not switch to a different contractor. PPB reviewed and concurred with this amendment on 2/28/25.
 - b. §3-122-16.31 (b), (d)(4), (d)(8), (e), and (f) - Replace “providers” with “contractors” for clarity, consistency, and style to reflect that providers selected for federal grants are contractors. PPB reviewed and concurred with this amendment on 3/28/25.

5. Subchapter 5 – Competitive Sealed Bidding

- o §3-122-21 - Preparing a competitive sealed bid. - Amend subsections (1), (2), and (5):
 - a. §3-122-21 (1)(A) and (1)(D), – Reference “date” then “time” for style and consistency. PPB reviewed and concurred with this amendment on 3/28/25.
 - b. §3-122-21 (1)(C) and (1)(D) - Remove “and” from subsection (1)(C) and add it to subsection (1)(D) for grammar. PPB reviewed and concurred with this amendment on 3/28/25.
 - c. §3-122-21 (1)(E) - Add subsection (1)(E) with revised language for clarity, consistency, and style. Language is changed from “The bid opening shall be held at the time, date, and location of the receipt of bids” to “The date, time, and location of the opening of bids;”. PPB reviewed and concurred with this amendment on 3/28/25.
 - d. §3-122-21 (2) - Amend by deleting “or” and “as are not included in the purchase description” and adding “and” for clarity as “the purchase description, specifications, evaluation factors, delivery and/or performance schedule, and inspection and acceptance requirements” should all be included in the invitation for bids. PPB reviewed and concurred with this amendment on 3/28/25.
 - e. §3-122-21 (5) - Amend by revising the language to “The bid form shall be signed by an authorized agent of the vendor and may be submitted with a digital or original signature;” to clarify that electronic signatures are accepted. PPB reviewed and concurred with this amendment on 3/28/25.
- o §3-122-34 – Low tie bids. – Amend subsection (b)(2) to replace “contacts” with “contracts”. PPB reviewed and concurred with this amendment on 3/28/25.
- o §3-122-35 – Waiver to competitive sealed bid process. – Amend subsection (c) for clarity, consistency, and style and to add that the procurement officer shall be responsible to ensure proper documentation of the selected alternative procurement method is in the contract file

and it also contains a determination that the price is fair and reasonable. PPB reviewed and concurred with this amendment on 3/28/25.

Administrator Kahakui responded to Member Inouye's question about §3-122-35 (b) and (c). She explained that this has been used in the past. She explained that it is the Chief Procurement Officer's responsibility to review the request and justification to conduct an alternative procurement as described in this subsection.

There were no written/oral testimony or questions on the proposed amendments from the public.

Motion made by Member Inouye and seconded by Member Heltzel to approve the proposed amendments to Hawaii Administrative Rules, Chapter 3-122, Source Selection and Contract Formation. The motion carried.

VII. Announcements

Chair Maruyama said that a poll will be taken on the date for the next meeting of the Procurement Policy Board. The meetings will be hybrid on Microsoft Teams and in-person at the physical location of Room 416, the Bid Room, in the State Procurement Office at 1151 Punchbowl Street.

VIII. Adjournment

Since there was no additional new business, motion to adjourn the meeting by Member Inouye and seconded by Member Regan. Motion carried. The meeting adjourned at 12:25 pm

Respectfully submitted,

Lisa Maruyama, Chair
Procurement Policy Board