

EXHIBIT

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LINDA LINGLE
GOVERNOR

AARON S. FUJIOKA
ADMINISTRATOR



**STATE OF HAWAII
STATE PROCUREMENT OFFICE**

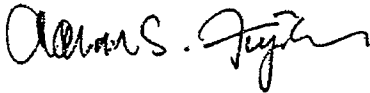
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SPO 08-0068g

February 29, 2008

TO: The Honorable Theodore E. Liu, Director
Department of Business, Economic Development & Tourism

FROM: Aaron S. Fujioka 

SUBJECT: Notice of Award - Request for Proposals No. RFP-07-11-SID
Hydrogen Investment Capital Special Fund and
Renewable Hydrogen Program Management Services

We are in receipt of the February 22, 2008 Notice of Award (Notice) to Ms. Joelle Simonpietri of Kolohala Holdings for subject RFP, and have the following comments:

- The Notice states, "Each of the above three components of the solicitation will be subject to its contract to be negotiated." In a competitive sealed proposal process, all clarifications related to the RFP are conducted during the discussion and best and final offer phase, in accordance with HAR §§3-122-53 and 3-122-54, respectively. The final results being the offer rated the highest is awarded a contract to include all terms, conditions and the final offer. There should be no contract negotiation.
- The Notice states, "As soon as the division administrator of the Strategic Industries Division is in place, he or she will contact you to negotiate these contracts." Similar to the above comments, no further negotiation is necessary, and the DBEDT should expedite the execution of the contract.
- The Notice states, "This has been a complicated solicitation in an area of critical importance to the State's energy security and self-sufficiency." This being the situation, we reiterate, the DBEDT should expedite the execution of the contract to meet this critical need.
- Although this does not invalidate the notice of award, we note that the memo was addressed to Ms. Simonpietri at her personal address. In accordance with the Kolohala proposal (page 34) and its Best and Final Offer (page 3), Mr. Michael Pfeffer is the managing partner and the designated point of contact, all correspondence should have been addressed accordingly.

Should you have any questions or require assistance on the execution of the contract, please call me at 587-4700.

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