

STATE OF HAWAII  
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES  
OFFICE OF ENTERPRISE TECHNOLOGY SERVICES  
HONOLULU, HAWAII

May 3, 2021

AMENDMENT 7  
TO  
REQUEST FOR PROPOSALS  
NO. RFP-ERP-2020

SEALED PROPOSALS TO PROVIDE AN ENTERPRISE FINANCIAL SOLUTION, DEPARTMENT OF ACCOUNTING  
AND GENERAL SERVICES, STATE OF HAWAII

- I. **A Best and Final Offer (“BAFO”) is due on May 17, 2021 by 4:00 pm Hawaii Standard Time. The BAFO shall be submitted via HlePRO.**

To be considered for the award of a contract pursuant to RFP-ERP-2020, Offerors must submit one of the following:

1. A letter indicating that its initial proposal is to be considered as the BAFO, together with appropriate changes, corrections, and amendments which are attached to the letter. Changes to an Offeror’s proposal in the BAFO must be identified by the Offeror through a track changes mode or some equivalent process to note only the changes/modifications from an Offeror’s initial proposal submission to the State of Hawaii.
2. A letter indicating that the BAFO as an entirely new proposal. An Offeror is required to submit a table with all the changes it has made to its original proposal in the BAFO and/or to submit a track changes version of the proposal which shows all such changes.

Offeror(s) are also reminded that any information discussed verbally or submitted in writing during the discussion phase must be re-submitted in response to this call for BAFO to be considered as part of an Offeror’s proposal to be scored. These include all responses to Priority Listed Offeror Discussions, presentation materials and chat transcripts from the demonstrations.

- II. **Any questions regarding this Amendment 7 are to be made in writing via email to [todd.t.omura@hawaii.gov](mailto:todd.t.omura@hawaii.gov) by no later than May 5, 2021 at 4:00 pm Hawaii Standard Time. The State will submit written responses to questions by May 7, 2021 at 4:00 pm Hawaii Standard Time also via email.**

**III. The State of Hawaii desires the most efficient solution that can be delivered at the lowest cost possible, and within a reasonable timeframe. As such, the State of Hawaii is amending the order of functionality in each phase described in section 1.5 Period of Performance that Offers must submit with their BAFO. The amended order is as follows:**

1. Core Phase; see also “Appendix A-1 – Core Phase Requirements alternate version” attached hereto:
  - a. General Ledger
  - b. Encumbrances
  - c. Accounts Payable
  - d. Accounts Receivable
  - e. Cash Management
  - f. Purchasing
  - g. Data Warehouse
  - h. Projects - moved from Expansion Phase to Core Phase
  - i. Asset Inventory - moved from Optional Phase to Core Phase
  - j. Bonds - moved from Expansion Phase to Core Phase
  - k. Investments - moved from Optional Phase to Core Phase
  
2. Expansion Phase; see also “Appendix A-2 – Expansion Phase Requirements alternate version” attached hereto:
  - a. Appropriations
  - b. Budget
  - c. Grant Management
  
3. Optional Phase; see also “Appendix B – Optional Phase Requirements alternate version” attached hereto:
  - a. Travel – moved from Expansion phase to Optional Phase
  - b. eProcurement Interface – moved from Expansion Phase to Optional Phase

If an Offeror chooses to submit a BAFO, the Offeror must include Appendix A-1 – Core Phase Requirements Revised, Appendix A-2 – Expansion Phase Requirements Revised, Appendix B – Optional Phase Requirements Revised and indicate whether it can meet each and every requirement listed in those appendices as provided for in the instructions worksheet, as well as submit an Appendix L – Cost Workbook. These Appendices are included with this Amendment 7.

Offerors are advised that the “optional” phase includes functionality that is still highly desired by the State and will be awarded upon successful completion of earlier phases, subject to availability of funding.

**IV. The following changes are made to bond requirements, now found in Appendix A-1 – Core Phase Requirements Revised, worksheet “13 Bonds Requirements”. Changes are underlined for ease of reference. Offerors are to include an updated in Appendix A-1 – Core Phase Requirements Revised, with their BAFO and follow instructions provided on the Instructions tab to indicate their response to each and every requirement.**

**Change 1: Requirement ID 1**

From: The system shall provide the ability to comply with all provisions of federal law and regulations pertaining to retaining the bondholders' exemption from federal income taxation on interest paid on state bonds.

To: The system shall provide the ability to comply with all provisions of federal law and regulations pertaining to retaining the tax-exempt status or other tax-advantaged status (e.g., federal tax credit to investors or refundable tax credit to the State) in regard to interest paid on state bonds.

**Change 2: Requirement ID 14**

From: Manage IRS requirements related to non-purpose investments (e.g., rebate calculations and payments).

To: Manage IRS requirements related to non-purpose investments (e.g., rebate calculations and payments and investment yield restriction).

**Change 3: Requirement ID 73**

From: Whether Bonds are Tax-Exempt, Tax-Advantaged (BABs, QECBs) or Taxable;

To: Whether Bonds are Tax-Exempt, Tax-Advantaged (BABs, QECBs or other Federal Tax Credit) or Taxable;

**Change 4: Requirement ID 84**

From: Amount used for Refunding

To: Amount used for Refunding of either tax-exempt or taxable bonds;

**Change 5: Requirement ID 86**

From: Other Uses;

To: Other Uses (e.g., amounts used for grants, to make loans, to pay credit enhancement)

### **Change 6: Requirement ID 112**

From: (i) There is no sale, installment sale, loan, financing lease or operating lease, license, management agreement, or customized contract to sell output, to or with a person other than the State, a County, or a City or agency or instrumentality thereof. For example, the contracting person cannot be a 501(c)(3) organization or the federal government;

To: (i) There is no sale, installment sale, loan, financing lease or operating lease, license, management agreement, research agreement, or customized contract to sell output, to or with a person other than the State, a County, or a City or agency or instrumentality thereof. For example, the contracting person cannot be a 501(c)(3) organization or the federal government;

### **Change 7: Requirement ID 113**

From: (ii) There is a transfer of ownership, use or output of the Project to a person other than the State, County or City or agency or instrumentality thereof who (x) is unrelated to a State, a County, a City, or instrumentality thereof and (ii) makes no payment for ownership or use of the Project (i.e., a grant of the Project) or makes payments that do not exceed the State's direct costs of operating and maintaining the Project;

To: (ii) There is a transfer of ownership, use or output of the Project to a person other than the State, County or City or agency or instrumentality thereof who (x) is unrelated to a State, a County, a City, or instrumentality thereof and (ii) makes no payment for ownership or use of the Project (i.e., a grant of the Project) or makes payments that do not exceed the State's direct costs of operating and maintaining the Project; and (y) makes no payment for ownership or use of the Project (i.e., a grant of the Project) or makes payments that do not exceed the State's direct costs of operating and maintaining the Project;

### **Change 8: Requirement ID 114**

From: (iii) There is no transfer of ownership or use of the Project to a person who is other than the State, County or City or agency or instrumentality thereof, except for a management agreement and either (x) the State has determined that the management agreement is a "qualified management agreement" under IRS Revenue Procedure 2017-13 or the Project being managed is not used to provide services third parties for a fee; or

To: (iii) There is no transfer of ownership or use of the Project to a person who is other than the State, County or City or agency or instrumentality thereof, except for a management agreement or research agreement and either (x) the State has determined that the management agreement is a "qualified management agreement" under IRS Revenue Procedure 2017-13 or a "qualified research agreement" under Revenue Procedure 2007-47 or the Project being managed is not used to provide services third parties for a fee; or

## **Change 9: Requirement ID 115**

From: (iv) The Project consists of a transfer of proceeds to a State agency or instrumentality but the proceeds are not ultimately used to make a loan to a person other than the State, County or City or agency or instrumentality thereof and any use of the Project by a person other than the State, County or City or agency or instrumentality thereof satisfies (a), (b) or (c) above;

To: (iv) The Project consists of a transfer of proceeds to a State agency or instrumentality but the proceeds are not ultimately used to make a loan to a person other than the State, County or City or agency or instrumentality thereof and any use of the Project by a person other than the State, County or City or agency or instrumentality thereof satisfies (i), (ii) or (iii) above;

**V. The following clarifications are made to the State of Hawaii's needs for a solution to bonds. Offerors are to include a response to these clarifications in their BAFO in an attachment or appendix that is no more than twenty five (25) pages in length:**

The State of Hawaii issues tax-exempt bonds and federal tax credit taxable bonds (together referred to as tax-advantaged bonds) and taxable bonds that are not tax-advantaged ("taxable bonds") to finance most of its capital improvements program. Interest on the tax-exempt bonds is exempt from federal income tax. Interest on federal tax credit taxable bonds is used to calculate a refundable tax credit paid to the State. To maintain the tax-advantaged status of these bonds, the State ensures that the requirements of the Internal Revenue Code (IRC) are met on a continuous basis over the term of the bonds. Internal Revenue Service Publication 4079 provides a summary level description of these requirements for tax-exempt bonds.

In light of the preceding, the State requires a comprehensive solution for the State to use to, amongst other purposes, invest, allocate, expend and account for the use of tax-advantaged bond proceeds, to monitor improvements funded or refunded by tax-advantaged bonds for ongoing compliance with the IRC requirements, and to retain any needed records and reports on the matter for the period prescribed by the IRS. In addition, the State requires a similar comprehensive solution with respect to its taxable bonds in order to establish consistency of accounting of tax-advantaged bond proceeds and taxable bond proceeds. The State believes the requirements to achieve this are listed in this RFP and are as complete and clearly written as possible based on the current knowledge the State has available at this time. The State expects that the Contractor has expertise and experience with other states to fully understand and address all the State's functional business needs pertaining to tax-advantaged bonds and taxable bonds. For the State to better evaluate the solution proposed by and the ability of the Contractor to meet these requirements, please respond to the following:

1. Please affirm that the proposal provides for a comprehensive IT solution regarding the terms of the bonds, bond pricing information, bond debt service schedules, investments and expenditures of bond proceeds, bond reimbursement of pre-issue date expenditures, property funded and refunded by bonds and the economic life of such property, that includes all needed functionality required by the RFP and meeting IRC requirements pertaining to tax-advantaged bonds;

2. Please describe how, on a bond series by bond series basis, the system will record, manage, update and make accessible to users, the information described in the preceding paragraph 1 for “new money” tax-advantaged bonds and taxable bonds, from the receipt of the bond sale proceeds, all the way through the investment and expenditure phases of bond series proceeds, the identification of the assets financed and the monitoring of those asset over the term of the bonds series for change in use;
3. Please describe how for a refunding series of bonds, the system will record, manage, update and make accessible to users, the information described in the preceding paragraph 1 for refunding tax-advantaged bonds and taxable bonds, including refunding escrows, current versus advance refundings, allocations of proceeds of and projects financed by, the refunded bonds to the refunding series;
4. Please describe how, on a bond-financed project by project basis, the system will record, manage, update and make accessible to users, (i) prior to the issuance of bonds for the project, information as to the cost or estimated cost of the project, the economic life of the project, the status of the project as a Governmental Project or a Private Use Project and whether or not the project has been placed in service and (ii) after issuance of a series of bonds for the project, information as to which series or multiple series of bonds funded or refunded the project.
5. Please describe in as much detail as possible the proposed delivered functionality of the system regarding the following:
  - a. Investment of tax-advantaged bond proceeds and taxable bond proceeds, investment yield information and investment payment and receipt information needed for rebate computations
  - b. Allocation and expenditure of tax-advantaged bond proceeds and taxable bond proceeds, including the rate of expenditure for purposes of rebate spending exceptions, reimbursement allocations of pre-issue date expenditures, and compliance with timing requirements for allocating expenditures of bond proceeds to projects
  - c. Identification of tax-advantaged bond financed improvements and monitoring such improvements over the term of the bonds for sales, dispositions, or other changes in use
  - d. Tracking the information in a. through c. on a bond series by bond series basis
  - e. Recordkeeping for matters related to the preceding for the time period required by the IRS
  - f. Report generating capabilities and other tools;

6. Please describe any other functionality the system will deliver related to the use of tax-advantaged and taxable bond proceeds;
7. Please indicate which modules of each phase (core, expansion and optional) are addressed by the bond requirements described in #2 to #5 above.
8. Please provide a list of states and large municipalities that use the proposed system for the items described in #2 through #5 above.

**VI. The State of Hawaii will consider alternative proposals at this time if an Offeror would like to utilize State of Hawaii office space in the downtown Honolulu Civic Center area if it would reduce costs. An Offeror who wishes to propose such an arrangement must indicate so in their BAFO, include a revised Appendix L – Cost Workbook, and submit a written description of the space needed, how many square feet would be required, and how many of its personnel, both prime and subcontractors, would be located on State property in no more than ten (10) pages.**

  
Douglas Murdock (May 3, 2021 15:35 PST)

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Douglas Murdock,  
Chief Information Officer/  
Procurement Officer

May 3, 2021

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Date