

UNIVERSITY OF HAWAII NOTICE OF EXEMPTION FROM STANDARD METHODS OF SOURCE SELECTION

The Vice President for Budget and Finance/Chief Financial Officer, University of Hawaii, is in the process of reviewing the request from
SOEST - HIGP Hawaii Space Flight Laboratory, LEONIDAS (Department/Campus) for exemption from Standard Methods of Source Selection for the following goods, services, or construction:

Three-stage solid rocket motor development for the LEONIDAS contract.

Vendor: Aerojet Corporation
(If known)
Address: P.O. Box 13222 Hwy. 50 & Aerojet Road
 Sacramento, CA 95813 Rancho Cordova, CA 95742

Term of Contract: (If known)	From: -----	To: -----	Cost: Not Determined
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Direct any inquiries to: Department: SOEST-HIGP Contact Name/Title: Dr. Luke Flynn Address: 1680 East West Road, POST 501D, Honolulu, HI 96822	Phone Number: 956-3154 Fax Number: 956-6322
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Date Posted: September 14, 2010

Submit written objections to this notice to issue an exemption from Standard Methods of Source Selection, within seven (7) calendar days from the date posted to:

Office of Procurement and Real Property Management
1400 Lower Campus Road, Room 15
Honolulu, Hawaii 96822

REQUEST FOR EXEMPTION FROM STANDARD METHODS OF SOURCE SELECTION

TO: OFFICE OF PROCUREMENT AND REAL PROPERTY MANAGEMENT

FROM: Hawai'i Space Flight Laboratory, LEONIDAS Project (SOEST/CoE)
(Department/Program)

Pursuant to APM Section A8.220, the Department requests a procurement exemption to purchase the following:

Description of goods, services, or construction:

The Hawai'i Space Flight Laboratory (HSFL) has been awarded a LEONIDAS contract to prove the capability of launching satellites into low-earth-orbit from PMRF on the island of Kaua'i. We are in the process of partnering with Aerojet Corporation, one of two companies in the U.S. which manufactures solid rocket motors. Aerojet has agreed to team with the HSFL to assist with the LEONIDAS Project to prove the capability of a three-stage solid motor stack. HSFL and Aerojet have agreed to terms of a Teaming Agreement which involves no exchange of funds, but delineates, in sum, that HSFL will use Aerojet motors for the LEONIDAS Project, as well as all future HSFL projects which require use of said motors. HSFL and Aerojet anticipate that numerous sponsored research projects will follow in the future, assuming LEONIDAS is successful. HSFL and Aerojet are in the process of drafting a Cooperative Research and Development Agreement (CRADA) to complete the three-stage solid rocket motor development that will be used for the LEONIDAS Project.

Estimated Cost: \$ 0.00

(1) Explanation describing how procurement by standard competitive means is either not practicable or not advantageous to the University;

The HSFL is not procuring anything under the Teaming Agreement, so there will be no exchange of funds between the parties in said agreement. The primary purpose of the Teaming Agreement is to document the agreement of the parties to team together for this research effort. The CRADA that is currently being drafted will specifically cover Aerojet's involvement in the design, construction, build, and delivery of a three-stage solid-rocket to PMRF for execution of the LEONIDAS Project. HSFL has been authorized by our sponsor, Operationally Responsive Space, to team with and pay Aerojet 500k for research and development of the motor stack to be used for the LEONIDAS research effort. Aerojet is committing their own R&D monies to support this effort as well. It is important to note that there are only two companies in the U.S. which manufacture solid rocket motors of the size and specifications needed for the LEONIDAS Project. We had discussions with both companies. Aerojet has agreed to team with HSFL and share the costs of designing and developing the motor set for the HSFL.

(2) Details of the process or procedures to be followed in selecting the vendor to ensure as fair and open competition as practicable;

We have expended a lot of time and effort since the inception of the HSFL in May 2007 to explore all available solid rocket motor options for our project, including existing government inventory, since funding for this project is limited and low-cost is key for our success. We learned that there are only two vendors in the U.S. capable of designing and manufacturing the solid rocket motors necessary for us to complete this project. Of the two existing companies, Aerojet proved to be our best option as they understand our need to complete this effort at the lowest possible cost, and are willing to share the cost of this research effort. Because of the extremely high costs associated with the start-up design and build of new solid-rocket motors, we will need to use these Aerojet motors for all future flights if we are able to prove the capability of this launch vehicle. It is simply too expensive to go anywhere else once the motor design proves successful. Especially when the cost of motors decrease in correlation to the number of motors produced.

(3) A description of the Department's internal controls and approval requirements for the exempted procurement; and
 Once the decision is made to team with Aerojet, there is no reason for us to change course. If everyone at the University of Hawai'i approves of this partnership and the Teaming Agreement between HSFL and Aerojet, the HSFL will be committed to use Aerojet motors for all of HSFL's sponsored projects which require use of said motors for low-earth orbital research missions. It should be noted that the University of Hawaii will not purchase any of these motors with University funds. Instead, all funding to be used for purchase of the Aerojet motors are expected to come from the sponsoring agency of the project(s) awarded to HSFL.

(4) A list of Department personnel, by position title, who will be involved in the approval process and administration of the contract:
 Dr. Luke P. Flynn, Principal Investigator
 Leonard R. Gouveia Jr., Technical Partnership and Development Specialist
 Sharisse Nakasone, Financial Officer
 Lavina Chatlani, HSFL Facilitator

Direct questions to: Dr. Luke P. Flynn Phone: 956-3154

I CERTIFY THAT THE INFORMATION PROVIDED ABOVE IS TO THE BEST OF MY KNOWLEDGE, TRUE AND CORRECT.

Dr. Luke P. Flynn
 Full Name of Principal Investigator, Department Head, or Administrator

[Signature] 9/13/10
 Signature Date

Sharisse Nakasone
 Full Name of Fiscal Officer

[Signature] 9/13/10
 Signature Date

APPROVED:

Dr. Gary Ostrander
 Full Name of Vice President or Chancellor

[Signature] 9/13/10
 Signature Date

FOR OPRPM USE ONLY

OPRPM COMMENTS:

Recommend Approval.

APPROVED DENIED

[Signature] 9/22/10
 VICE PRESIDENT FOR BUDGET & FINANCE/CHIEF FINANCIAL OFFICER, UNIVERSITY OF HAWAII DATE

ATTACHMENT TO REQUEST FOR EXEMPTION
FROM STANDARD METHODS OF SOURCE SELECTION
From Hawai'i Space Flight Laboratory, LEONIDAS Project
(OPRPM Form 138)

Description of goods, services, or construction (continued):

Because of the tremendous upfront cost involved in the research and development of an economical three stage solid rocket motor stack (hereafter the "Rocket Motor Stack"), it would be very difficult for a developer like Aerojet to justify committing to complete the development of the Rocket Motor Stack without a commitment from the University to use the Rocket Motor Stack so developed not only for the first launch under the LEONIDAS project, but for any future launches. Due to the challenges, particularly the cost, of using other alternatives (which the University has invested a significant amount of time and resources exploring), the University is willing to make such a commitment to Aerojet and grant Aerojet an exclusive right to develop and furnish the Rocket Motor Stack to the University, to be incorporated into the launch vehicle used as part of the LEONIDAS project.

Also, under the Strategic Alliance Agreement (hereafter "Teaming Agreement"), if the University elects to submit a proposal in response to a Customer solicitation or an RFP for a Program Contract, the University agrees to offer an exclusive opportunity to Aerojet to participate in such proposal and resulting contract award, if any, with respect to developing and furnishing the "Propulsion System" (Rocket Motor Stack) for the launch vehicle to be used by the University and by performing the Workshare that the University may assign to Aerojet by way of a future agreement.

Explanation describing how procurement by standard competitive means is either not practicable or not advantageous to the University (continued):

While the University is not receiving a specific product or a good under the Teaming Agreement itself, the University would be receiving the benefit of Aerojet's research into and development of the Rocket Motor Stack.

HSFL spent significant time and resources in researching and investigating different alternatives for obtaining or acquiring the Rocket Motor Stack. HSFL's search revealed two companies that might be capable of developing and furnishing a propulsion system for the University's launch vehicle. Aerojet indicated that it was willing to team with the HSFL to develop and furnish such a propulsion system for the University's launch vehicle. The other company was not motivated to assist the University. In fact, this company required that the University pay the firm an excessive amount of funding before the company was even willing to discuss the possibility of developing and furnishing the propulsion system for the University's launch vehicle. In other words, the company wanted the University to pay them for a consultation to determine if they were even capable and/or interested of providing the necessary services for the University.