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STATE PROCUREMENT OFFICE
NOTICE OF AND REQUEST FOR EXEMPTION
FROM CHAPTER 103D, HRS

1. TO: Chief Procurement Officer
 2. FROM: High Technology Development Corporation (HTDC)

Department/Division/Agency

Pursuant to §103D-102(b)(4), HRS, and Chapter 3-120, HAR, the Department requests a procurement exemption to purchase the following:

3. Description of goods, services or construction:

Sponsorships of conferences, seminars, workshops, etc. conducted by associations in the manufacturing sector, economic development organizations, State of Hawaii departments and agencies that assist Hawaii's manufacturing sector.

HTDC via its HTDC Manufacturing Extension Partnership (HTDC-MEP) is the State of Hawaii program office for the U.S. Dept. of Commerce, National Institute of Standards & Technology, Manufacturing Extension Partnership program. This federal program is designed to assist manufacturer's to innovate and grow throughout the U.S. HTDC-MEP was awarded federal funds of \$437,000 from 1-July-2011 thru 30-June-2012 to assist Hawaii manufacturing companies grow. Sponsorships of conferences, seminars & workshops conducted by stakeholders is a key element to assist Hawaii manufacturers grow, and are approved items for the federally reviewed budget and operational plan.

4. Name of Vendor: Various associations & economic development orgs.

Address: State-Wide
 State of Hawaii

5. Price:

\$200,000.00

\$ 110,000 KT

6.

Term of Contract: From: 8/30/2011 To: 6/30/2013

7. Prior Exemption Ref. No.

8. Explanation describing how procurement by competitive means is either not practicable or not advantageous to the State: Sponsorship has been considered a grey area for SPO (i.e., it is not exactly a procurement). To be respectful of the process and exercise the spirit of the procurement code, HTDC is asking for this exemption so that HTDC-MEP can engage in sponsorship activities as a way to effectively leverage the federal funds it receives into our local economy to improve the quality of the educational and marketing programs that meet HTDC-MEP's goals. For sponsorships, "procurement by competitive means" won't make sense because we are not soliciting for a specific purchase but rather, we are being offered the opportunity to co-market and contribute to the programs already planned by the private sector. HTDC plans to seek out appropriate events currently and normally planned by these partners which specialize in addressing entrepreneur support services. (see attachment for continuation)

9. Details of the process or procedures to be followed in selecting the vendor to ensure maximum fair and open competition as practicable:

HTDC will seek those appropriate events currently and normally planned by manufacturing associations, economic development organizations and other organizations that achieve the entrepreneur support services that supports the U.S. federal MEP mission within the time frame indicated above. It is not practicable for HTDC to solicit in advance for these kinds of opportunities.

The process will be similar to when SPO approved the exemption from State Procurement Code for HTDC's sponsorships using federal grant monies from the US Dept. of Commerce, Economic Development Administration for the last fiscal year.

10. A description of the agency's internal controls and approval requirements for the exempted procurement:

1. Obtain proposals from event organizers and review for appropriateness to the program's objective and timing.
2. Obtain HTDC Executive Director's approval for sponsorship.
3. Prepare SPO-10 in accordance with department procedures, citing exemption for DBEDT's Director's or designee's signature.
4. Complete HTDC internal purchase request (PR) detailing vendor information, funding source, object code, description, etc., and obtain Program Manager and Executive Director's signatures.
5. Open vendor code, if needed.
6. Receive event flyers and assist with marketing and disseminating event information to HTDC-MEP's client base.
7. Attend event.
8. Receive invoice after the event from the organizer.
9. Compose acknowledgement letter and send check to organizer.

The requested amount is \$200,000 for the biennium, which equates to \$100,000 per year.

REQUEST FOR EXEMPTION FROM CHAPTER 103D, HRS (Cont.)

12. A list of agency personnel, by position, who will be involved in the approval process and administration of the contract:		
Name	Position	Involvement in Process
Yuka Nagashima	Executive Director	<input checked="" type="checkbox"/> Approval <input type="checkbox"/> Administration
Steve Sakuda	Controller	<input type="checkbox"/> Approval <input checked="" type="checkbox"/> Administration
Sandi Kanemori	Prog Spclt, Business Development	<input type="checkbox"/> Approval <input checked="" type="checkbox"/> Administration
Wayne Inouye	HTDC-MEP Senior Project Manager	<input checked="" type="checkbox"/> Approval <input type="checkbox"/> Administration
		<input type="checkbox"/> Approval <input type="checkbox"/> Administration
		<input type="checkbox"/> Approval <input type="checkbox"/> Administration

13. Direct inquiries to: Department: HTDC
 Contact Name: Yuka Nagashima
 Phone Number: 539-3601
 Fax Number: 539-3610

Agency shall ensure adherence to applicable administrative and statutory requirements

14. I certify that the information provided above is, to the best of my knowledge, true and correct.

Mary Alice Evans
 Department Head

July 22, 2011
 Date

Reserved for SPO Use Only

15. Date Notice Posted 7/25/11

The Chief Procurement Officer is in the process of reviewing this request for exemption from Chapter 103D, HRS. Submit written objections to this notice to issue an exemption from Chapter 103D, HRS, within seven calendar days or as otherwise allowed from the above posted date to: Chief Procurement Officer
 State Procurement Office
 P.O. Box 119
 Honolulu, Hawaii 96810-0119

Chief Procurement Officer's comments:

Approval is granted for the period 08/30/11 to 06/30/13 for the amount of \$110,000 and is limited to the attached organizations. This approval is for the solicitation process only, HRS section 103D-310(c) and HAR section 3-122-112, shall apply and award is required to be posted on the Awards Reporting System.

The department is reminded that individual(s) participating in procurement activities are required to be in compliance with Procurement Delegation No. 2010-01 and Amendment 1, and Procurement Circular No. 2010-05, *Statewide Procurement Training*, as appropriate. The SPO does not have a record of attendance at the appropriate mandatory procurement training for Mr. Wayne Inouye listed in no. 12.

16. APPROVED DISAPPROVED NO ACTION REQUIRED

Charles. Fujil
 Chief Procurement Officer Date 8/17/2011

*Attachment to Notice and Request for Exemption from Chapter 103D, HRS SPO-7
High Technology Corporation (HTDC)*

8. (continued)

These organizations have the longstanding ties, presence, market base and resources within their respective island communities, and therefore, can reach to our constituents more effectively and efficiently than if HTDC-MEP were to do it ourselves. It would not be practical for HTDC (with fewer staff and dollars to meet the required matching contribution) to duplicate these efforts on its own in the multiple locations. HTDC utilized this model with past U.S. Economic Development Administration (EDA) grant funding, and requested and received prior exemptions (PE Nos. 09-060-B, 09-061-B, 09-062-B, 09-063-D, 09-069-D, 09-082-D) for sponsorship of events as they were individually held by the entities. (In a meeting with the SPO Procurement Officer, HTDC was recommended to submit exemption requests for sponsorships.) However, HTDC was not always able to award a sponsorship in time for an event due to:

Events usually having a short lead time

Reduction in HTDC and DBEDT staff, resulting in a longer paperwork preparation, review and approval process

Reduction in SPO staff, resulting in a longer review process

HTDC is therefore requesting exemption for sponsorships funded by this U.S. MEP program. Without the exemption, HTDC's ability to expend program funds within the required program period will be hindered, as these events must first meet the objective of the U.S. MEP program and then be held within the program fiscal year. HTDC's success in fulfilling its obligations under the terms of the U.S. MEP program directly impact the State's ability to receive future federal awards of this kind. This request also comes at a time when the extent of Hawaii's overall economic climate is resulting in more requests for State financial involvement from entities that traditionally did not require HTDC's involvement. Furthermore, the U.S. MEP program provides HTDC with operational funding to develop and conduct entrepreneur programs that help revive Hawaii's economic climate and diversify Hawaii's economy. Sponsorship is the best way to effectively complete U.S. MEP's requirements successfully and show the necessary impact for the State to win future awards.

In the past few years, HTDC-MEP has not been able to expend all of the federal monies awarded to us. In the last year, due to staffing freeze and other factors already cited above, more than 50% of our allotted amount was unused. That's approx. \$260,000 of monies which could have helped our small businesses in manufacturing, and monies circulating in our communities. Having this exemption will go far to help HTDC-MEP expend 100% of the federal award for the biennium.

*Exhibit A HAR Chapter 3-120

Department is reminded to use
the most current SPO forms
available on the SPO website
at <http://hawaii.gov/spo>

P.E. 12-007K

HTDC-MEP Sponsorship opportunities: FY12 and FY13

1. Hawaii Food Manufacturer's Association (HFMA). With approximately 120 members this non-profit organizations has been promoting Hawaiian grown or manufactured products since 1977. HTDC-MEP anticipates a sponsorship opportunity to help HFMA conduct their first annual conference. The goals of the conference will be but not limited to; education, lessons learned from markets similar to Hawaii, increasing new product development, expanding markets beyond Hawaii and networking. Estimated amount: \$10,000 each FY.
2. State of Hawaii Dept. of Agriculture (HDOA). A partnership with HTDC-MEP has begun and it is anticipated to grow in terms of frequency and size. With emphasis on HDOA market development space, HTDC-MEP anticipates sponsorship within their scheduled events to help food manufacturers sell their products here and abroad. We intend to concentrate on HDOA's Seal of Quality, USDA National Organic Certification and product promotion programs. Initial conversation has begun to develop a specific food and product manufacturer's promotion/showcase event. Estimated amount: \$20,000 each FY.
3. Hawaii Chamber of Commerce. This chamber has been serving the business community since 1850. The Chamber is the largest, small business advocacy arm. The Chamber's Business Advocate and Small Business Committee are devoted to the special needs and challenges of small businesses in the state and have a number of small business initiatives to work on creating opportunities for the small business community. HTDC-MEP anticipates sponsorship of several workshops aimed at helping the specific food and product manufacturing Hawaii sector. The chamber will serve as a conduit to the larger business community. HTDC-MEP envisions a special committee to help Hawaii's manufacturing sector have a strong voice in the legislature, the community and beyond Hawaii's geographic area. Estimated amount: \$10,000 each FY.
4. Dual Use Hawaii Industry. The Hawaii Technology Development Venture (HTDV) helped guided the formation of the Dual Use Hawaii Industry. Taking Research & Development projects funded by the military or U.S. government and turning it into products that both the military and commercial markets can use is the goal of Dual Use. HTDC-MEP seeks to help both the pre-manufacturer and manufacturing companies in this space. We anticipate providing sponsorship dollars to help establish conferences and workshops with topics similar to item 1 above. Estimated amount: \$5000 each FY.
5. Manufacturer's of Hawaii Association. HTDC-MEP envisions helping to create a new association in Hawaii that will help all manufacturing companies. With strategic help from other economic development organizations throughout the State, we envision a virtual type association where members can collaborate and communicate on-line. A new website with but not limited to include; helpful hints, resources, directory, etc. towards community interaction, solve problems, provide partnerships and sales opportunities. Estimated amount: \$10,000.

"EXHIBIT A"

HAR CHAPTER 3-120
PROCUREMENTS EXEMPT FROM CHAPTER 103D, HRS
[05/09/01] 07/17/08

~~[Exemptions are in section 103D-102(b)(4), HRS. The following is a list of additional exemptions which the procurement policy board has also determined to be exempt from chapter 103D, HRS]~~ The following list of exemptions, pursuant to §3-120-4, has been determined to be exempt from HRS Chapter 103D by the procurement policy board:

Exemption
Number

Exemption

1. Research, reference, and educational materials including books, maps, periodicals, and pamphlets, which are published or available in print, video, audio, magnetic, or electronic form, including web-based databases;
2. Services of printers, rating agencies, support facility providers, fiscal and paying agents, and registrars for the issuance and sale of the State's or counties' bonds;
3. Services of lecturers, speakers, trainers, facilitators and scriptwriters, when the provider possess specialized training methods, techniques or expertise in the subject matter;
4. Services of legal counsel, guardian ad litem, psychiatrists, [and] psychologists, receivers and masters when required by court order [~~, or by the Rules of Court in the case of interpreters, in criminal and civil proceedings~~];
5. ~~Fresh meats and produce, (Pursuant to Act 175/SLH 2009)~~
6. Insurance to include insurance broker services;
7. ~~Animals and plants, (Pursuant to Act 175/SLH 2009)~~
8. New or used items which are advantageous and available on short notice through an auction, bankruptcy, foreclosure, etc.;
9. Food and fodder for animals;
10. Facility costs for conferences, meetings, and training sessions;