



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

1. TO: Chief Procurement Officer  
2. FROM: DBEDT / High Technology Innovation Corporation (HTIC)

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:  
Operation of HTIC's Office in China, which was established to act as an innovation center for Hawaii companies and institutions to minimize the risk of conducting business in China. HTIC currently has a small office space within the Zhongguancun International Incubator (ZII) building in China's equivalent to Silicon Valley, north of central Beijing. The office will be used by Hawaii entities for a small fee payable to HTIC, or for HTIC to conduct work on behalf of the client in China via the ZII office. HTIC was established by the legislature to help fulfill the High Technology Development Corporation's (HTDC) mission where HTIC's non-profit status is more advantageous, or such status is demanded by the entities we would like to partner with to assist us with our goals. HRS Chapter 206M-2 outlines some of the duties of HTDC. Applicable duties for this exemption request include developing innovation centers, providing support and services to Hawaii companies, and promoting and marketing Hawaii as a site for commercial high technology activities.

4. Name of Vendor: Various vendors in China Address: _____ From Date of Approval <i>Ho</i>	5. Price: <i>Estimated</i> <del>\$N/A</del> <i>\$200,000 Jto</i>
6. Term of Contract: <i>↑</i> <del>FY08 (beginning</del> FY09 (ending From: <i>7/1/07)</i> To: <i>6/30/09)</i>	7. Prior Exemption Ref. No.

8. Explanation describing how procurement by competitive means is either not practicable nor advantageous to the State: Procurement actions in China are required to sustain or grow the operations in China, including the ZII office and its mission. When conducting business in China, our procurement code which is optimized for in-state purchases, would often not apply. It would be impractical for Chinese companies to have to register with HePS so they can serve HTIC's ZII office. Requiring registration would actually limit the number of bidders and potential vendors who could serve us, thereby potentially increasing the level of expense to the state. Similarly, purchasing office equipment in Hawaii in accordance with state procurement policies and shipping it to Beijing would also be impractical and more costly due to additional time and cost for shipping, assessment of import taxes, etc.

9. Details of the process or procedures to be followed in selecting the vendor to ensure maximum fair and open competition as practicable:  
Any procurement in China would be made after obtaining multiple quotes from reputable vendors, allowing for both competition and potential cost savings, unless mandated otherwise by municipal or other government laws.

10. A description of the agency's internal controls and approval requirements for the exempted procurement:  
HTIC maintains a procurement policy/guideline manual, similar to the manual developed by HTDC. For each procurement in China, HTIC will interview vendors as appropriate, obtain multiple quotes, and maintain receipts, unless mandated otherwise by municipal or other government laws. HTIC's Treasurer and President review and approve all purchases. Additionally, any procurement action in excess of \$25,000 also requires approval by a member of the HTIC Board of Directors.

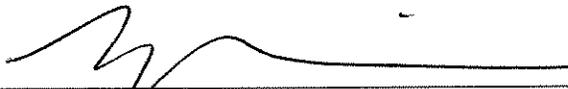
**REQUEST FOR EXEMPTION FROM CHAPTER 103D, HRS (Cont.)**

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	President	<input checked="" type="checkbox"/> Approval <input checked="" type="checkbox"/> Administration
Thomas Quinn	Vice President	<input checked="" type="checkbox"/> Approval <input checked="" type="checkbox"/> Administration
Steve Sakuda	Secretary/Treasurer	<input checked="" type="checkbox"/> Approval <input checked="" type="checkbox"/> Administration
Sylvia Bollmeier	Contracts Administrator	<input type="checkbox"/> Approval <input checked="" type="checkbox"/> Administration
HTIC Board	Directors	<input checked="" type="checkbox"/> Approval <input type="checkbox"/> Administration
		<input type="checkbox"/> Approval <input type="checkbox"/> Administration

13. Direct inquiries to:	Department: DBEDT/HTIC Contact Name: Yuka Nagashima Phone Number: 539-3601 Fax Number: 539-3615
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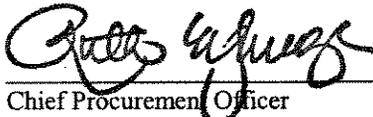
Agency shall ensure adherence to applicable administrative and statutory requirements

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

 _____ Department Head	NOV 27 2007 _____ Date
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15. Date Notice Posted <u>11/30/07</u>
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: <p style="margin-left: 40px;">                     Chief Procurement Officer                      State Procurement Office                      P.O. Box 119                      Honolulu, Hawaii 96810-0119                 </p>
Chief Procurement Officer's comments:

16.  APPROVED     DISAPPROVED     NO ACTION REQUIRED

 _____ Chief Procurement Officer	DEC 07 2007 _____ Date
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**[PART IV.] HIGH TECHNOLOGY INNOVATION CORPORATION**

**[\$206M-51] Establishment of the high technology innovation corporation; purpose.** (a) There is established, as a body corporate, the high technology innovation corporation. The high technology innovation corporation shall be a public, not-for-profit organization under section 501(c)(3) of the Internal Revenue Code of 1986, as amended. The high technology innovation corporation shall be attached to the department of business, economic development, and tourism for administrative purposes.

(b) The purpose of the high technology innovation corporation shall include, but not be limited to, the facilitation of the growth and development of the commercial high technology industry in Hawaii. Its duties shall include, but not be limited to:

- (1) Managing the assets and resources of the high technology development corporation, including its technology parks and incubation facilities;
- (2) Planning, creating, and implementing any programs and projects of the high technology development corporation that shall be assigned to the high technology innovation corporation, including federally- and state-funded programs and projects and those programs funded by other nonprofit and for-profit organizations;
- (3) Identifying and obtaining funding and other resources in support of the purposes of the high technology innovation corporation and the high technology development corporation from agencies and organizations not able to provide resources directly to the high technology development corporation;
- (4) Assisting the high technology development corporation in the promotion and marketing of Hawaii as a location for commercial high technology activity; and
- (5) Assisting the high technology development corporation in any other strategic or operational manner that supports the State's technology-based economic development activities.

(c) The high technology innovation corporation shall implement this purpose by:

- (1) Furnishing the means, methods, and agencies by which the management, programming, training, investigation, research, and analysis may be conducted;
- (2) Other means to make the benefits of programming, training, investigation, research, and analysis available to the public; and
- (3) Any and all other acts reasonably designed to promote the foregoing purposes in the interest of promoting the general welfare of the people of the State.

The high technology innovation corporation shall have the sole right to provide the foregoing services and support to the high technology development corporation, and the high technology development corporation shall use the high technology innovation corporation to

provide these services and support in every case, except when the high technology development corporation determines that the high technology innovation corporation may not or cannot legally or operationally provide these services and support. [L 2005, c 173, pt of §1]

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