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:
Conducting business on behalf of clients where client funds or non-state funds are used. Companies may contract HTIC to conduct business on their behalf to minimize their overhead and maximize their potential for success, where the client/provider of the funds may specify how certain tasks must be accomplished (e.g., choice of vendors, consultants, partners, etc.). 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 duty for this exemption request is providing support and services to Hawaii companies.

4. Name of Vendor: Various vendors, consultants needed in the course of operations or for special projects commissioned by clients Address:	5. Price: Estimated ~~$N/A~~ $375,000 ytd
6. Term of Contract: upon CPO Approval ~~or~~ From: FY08 (~~beginning~~ ~~7/1/07~~) To: FY09 (ending 6/30/09)	7. Prior Exemption Ref. No.

8. Explanation describing how procurement by competitive means is either not practicable nor advantageous to the State:
HTIC procurement actions are required in the course of conducting business on behalf of clients where client funds or non-state funds are used. When client companies hire HTIC to conduct business on their behalf, clients expect to be able to select which vendors/consultants they would like us to use. It would be impracticable for HTIC to initiate a competitive procurement when the client has made the selection and is also providing the funds. This exemption request extends to circumstances where a client hires HTIC to be a fiscal agent to administer a grant from a private source, wherein the grant application may already have specified partners which the client needs to work with. As a fiscal agent, we need to prepare payments per direction from the client vs. going through the bidding process to choose a particular partner.

9. Details of the process or procedures to be followed in selecting the vendor to ensure maximum fair and open competition as practicable:
All innovation companies and organizations assisting the growth of the technology sector and innovation-based economy in Hawaii can apply to use HTIC's services offered both in-state and out-of-state, and/or hire HTIC for assistance. Some of the client companies request designated consultant or vendor support, which is outside of the expertise of our HTIC staff. The consultants' areas of expertise are varied; therefore, it is not possible to set up special consultant/vendor lists in advance. The clients provide private funding to HTIC to hire the consultants that the clients request, and HTIC collects and expends the funds to the consultant as a value-added pass through (also providing project management services). After the services have been rendered to the satisfaction of the client, HTIC pays the consultant with funding obtained from the client (private or non-state funds).

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 specifically designated by a client company, HTIC interviews designated vendors/consultants as appropriate and obtains quotes to ensure objectives can be met within funding levels provided by the client. HTIC's Treasurer and President review and approve all Memoranda of Agreement between HTIC and the client companies, as well as Letters of Agreement between HTIC and the vendors/consultants. Additionally, any procurement action in excess of $25,000 also requires approval by a member of the HTIC Board of Directors. The AG's office or local counsel are consulted as needed. HTIC staff review the performance of each contracted consultant to ensure that contract deliverables are met.

11. P.E. No. 08-048 C

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	☒ Approval	☒ Administration
Thomas Quinn	Vice President	☒ Approval	☒ Administration
Steve Sakuda	Secretary/Treasurer	☒ Approval	☒ Administration
Sylvia Bollmeier	Contracts Administrator	☐ Approval	☒ Administration
HTIC Board	Directors	☒ Approval	☐ Administration
		☐ Approval	☐ Administration

13. Direct inquiries to:
Department: DBEDT/HTIC
Contact Name: Yuka Nagashima
Phone Number: 539-3601
Fax Number: 539-3615

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

Reserved for SPO Use Only

15. Date Notice Posted 11/30/07

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:
This approval is based on HTIC's that they serve as a fiscal agent to expend client funds as directed by the client. The HTIC does not select vendors/ consultants for the clients. This approval is for the solicitation process only, section 103D(c), HRS, and section 3-122-112, HAR, shall apply.

16. ☒ **APPROVED** ☐ **DISAPPROVED** ☐ **NO ACTION REQUIRED**

for Chief Procurement Officer 12/7/07
Date

11. P.E. No. 08-048-C

§206M-2 Establishment of the high technology development corporation; purpose. (a) There is established the high technology development corporation, which shall be a public body corporate and politic and an instrumentality and agency of the State. The development corporation shall be placed within the department of business, economic development, and tourism for administrative purposes, pursuant to section 26-35. The purpose of the development corporation shall be to facilitate the growth and development of the commercial high technology industry in Hawaii. Its duties shall include, but not be limited to:

(1) Developing and encouraging industrial parks as high technology innovation centers and developing or assisting with the development of projects within or outside of industrial parks, including participating with the private sector in such development;

(2) Providing financial and other support and services to Hawaii-based high technology companies;

(3) Collecting and analyzing information on the state of commercial high technology activity in Hawaii;

(4) Promoting and marketing Hawaii as a site for commercial high technology activity; and

(5) Providing advice on policy and planning for technology-based economic development.

(b) The governing body of the development corporation shall consist of a board of directors having eleven voting members. Seven of the members shall be appointed by the governor for staggered terms pursuant to section 26-34. Six of the appointed members shall be from the general public and selected on the basis of their knowledge, interest, and proven expertise in, but not limited to, one or more of the following fields: finance, commerce and trade, corporate management, marketing, economics, engineering, and telecommunications, and other high technology fields. The other appointed member shall be selected from the faculty of the University of Hawaii. All appointed members of the board shall continue in office until their respective successors have been appointed. The director of business, economic development, and tourism, the director of finance, an appointed member from the board of the Hawaii strategic development corporation, and an appointed member from the board of the natural energy laboratory of Hawaii authority, or their designated representatives, shall serve as ex officio voting members of the board. The director of business, economic development, and tourism shall serve as the chairperson until such time as a chairperson is elected by the board from the membership. The board shall elect such other officers as it deems necessary.

(c) The members of the board appointed under subsection (b) shall serve without compensation, but may be reimbursed for expenses, including travel expenses, incurred in the performance of their duties.

(d) The board shall appoint a chief executive officer, who shall serve at the pleasure of the board and shall be exempt from

chapter 76. The board shall set the salary and duties of the executive officer.

(e) The board shall appoint a management advisory committee for each industrial park and related project or projects governed by the board. Each committee shall have five members, who shall serve without compensation but may be reimbursed for expenses incurred in the performance of their duties. The members shall be drawn from fields of activity related to each industrial park and related project or projects. [L 1983, c 152, pt of §2; am L 1987, c 336, §7; am L 1989, c 274, §2; am L 1990, c 293, §8; am L 1991, c 288, §1; am L 2000, c 72, §§5, 6, c 253, §150, and c 297, §25]

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