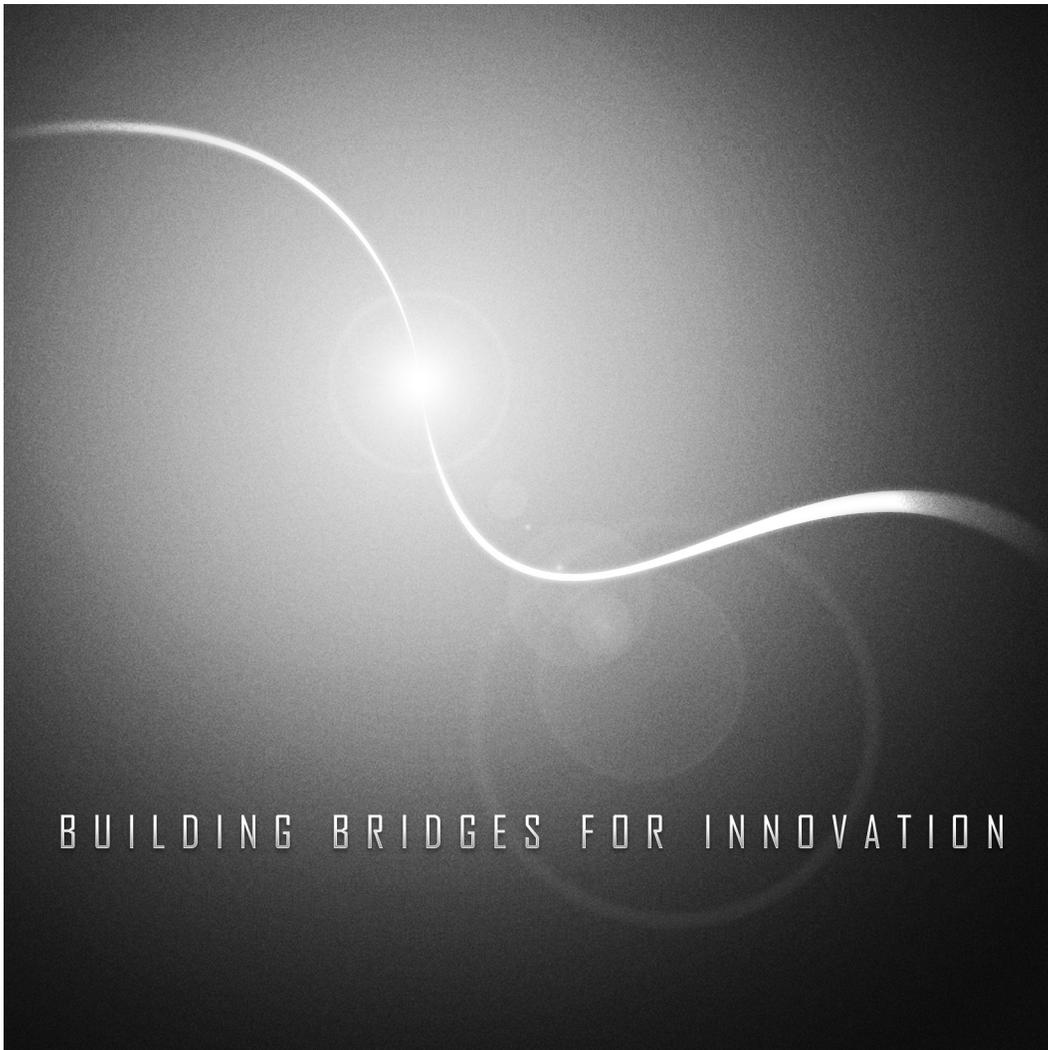


HTIC

HIGH TECHNOLOGY INNOVATION CORPORATION

FY 2008 ANNUAL REPORT



BUILDING BRIDGES FOR INNOVATION

TABLE OF CONTENTS

HTIC Profile	1
.....	
HTIC Board of Directors and Officers	2
.....	
A Message from the Chair & President	3
.....	
Financial Information	4
.....	

HTIC PROFILE

In 2005, the Hawaii State Legislature created the High Technology Innovation Corporation (HTIC). The purpose of the High Technology Innovation Corporation is to facilitate the growth and development of the commercial high technology in Hawaii. HTIC's purpose is positioning to support the High Technology Development Corporation, an agency of the State of Hawaii created by the State Legislature in 1984 to assist in diversifying the State's economy by facilitating the growth and development of the commercial high technology industry in Hawaii.

Its duties include, but are not limited to:

- ***Managing the assets and resources of the High Technology Development Corporation***, including the technology parks, and incubation and innovation facilities developed by the High Technology Development Corporation;
- ***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;
- ***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;
- ***Assisting the High Technology Development Corporation in the promotion and marketing*** of Hawaii as a location for commercial high technology activity; and,
- ***Assisting the High Technology Development Corporation in any other strategic or operational manner to support the State's Technology-Based Economic Development (TBED) activities***, given HTDC's additional responsibility to develop and recommend TBED policies to the State Legislature.

(HRS Ch. 206M-51)

HTIC BOARD OF DIRECTORS & OFFICERS

CHAIR

SHARON M. WONG (Ex-Officio for HTDC)
President
IMS, Inc.

VICE CHAIR

TAREQ HOQUE
President
Concentris Systems

SECRETARY & TREASURER

MARY K. FASTENAU
President
StarrTech Interactive

PAUL FETHERLAND
Director, Advanced Metering Infrastructure
Hawaiian Electric Company Inc.

JAMES D. LACLAIR (Ex-Officio for HTDC)
Vice President - Network Operations
Hawaiian Telcom

BRIAN J. GOLDSTEIN (Ex-Officio for HTDC)
Chief Executive Officer
Goldstein Associates

THEODORE E. LIU (Ex-Officio for HTDC)
Director
Department of Business, Economic
Development and Tourism
State of Hawaii

KELLI GOODIN
Vice President and COO
Pukoa Scientific

YUKA NAGASHIMA (Ex-Officio for HTDC)
Executive Director and CEO
High Technology Development Corporation

OFFICERS

YUKA NAGASHIMA
President (HTDC Executive Director by statute)

THOMAS L. QUINN
Vice President

STEVE M. SAKUDA
Secretary & Treasurer

A MESSAGE FROM THE CHAIR & PRESIDENT



Sharon Wong
Chair



Yuka Nagashima
President

Dear Hawaii Stakeholders:

2008 began with the Senate of the Hawaii State Legislature requesting changes to the current programs of HTIC. A bill introduced by the Senate Committee on Economic Development and Taxation (House Bill 2415 Senate Draft 2, SLH 2008) recommended HTIC discontinue its existing projects, which included administration of grant funds under the National Governors' Association (NGA)/Bill and Melinda Gates Foundation Best Practices for Science Technology Engineering and Math (STEM) Education Program. Below is an excerpt from House Bill 2415 Senate Draft 1, SLH 2008:

PART II

SECTION 2. Chapter 206M, part IV, Hawaii Revised Statutes, is repealed.

SECTION 3. Any contractual obligations entered into by the high technology innovation corporation shall cease upon repeal of part IV of chapter 206M, Hawaii Revised Statutes, and any unexpended contractual funds shall lapse to the general fund.

http://www.capitol.hawaii.gov/session2008/bills/HB2415_SD2_.htm

While this bill did not pass, the intent of the members of the committee were clear. The HTIC board decided voluntarily to follow the Senate Chair's intent and direction. Hence, since April of this year we have been:

- (a) Closing all current projects and programs including the John A. Burns School of Medicine (JABSOM) - University Clinical, Education & Research Associates (UCERA) agreement to perform consulting work for the Institute for Triple Helix Innovation Project, surveying entities in China on medical best practices for academia, government and industry to work together.
- (b) Upon approval of the National Governors Association, transferring fiscal oversight of the NGA Best Practices for STEM Education Program to the Department of Business, Economic Development and Tourism, Strategic Industries Division.
- (c) Working to obtain official approval from the Chinese government office before closing the office in Beijing, China, established under the State-funded International Incubation Program.

New efforts to assist HTDC to grow Hawaii's tech sector through the establishment and operations of HTIC, a 501(c)(3) State-operated, nonprofit corporation, subject to the State Procurement Code, have been put on hold as of this writing. Further, efforts to obtain new non-State funding through tax deductible contributions from foundations and eleemosynary organizations are also on hold.

Senate Concurrent Resolution 212, SLH 2008, requested the State auditor to investigate procurement and expenditure practices of the Department of Business, Economic Development and Tourism and selected attached agencies. As of this date, this audit is ongoing.

We are hopeful that once the Senate has completed its audit, review, and report to the Legislature in 2009, we can begin again to discuss focus and direction of HTIC as it supports the State's efforts to diversify Hawaii's economy.

SHARON WONG, *Chair*

YUKA NAGASHIMA, *President*

FINANCIAL INFORMATION

Revenue

NGA STEM Grant	\$ 72,463
Fiscal Agent Fee for STEM Grant	10,000
International Incubator Program	9,061
Interest	336
Total Revenues	91,860

Expenditure

NGA STEM Grant	72,463
International Incubator Program	9,839
Operating Expenses	221
Total Expenses	82,523

Excess (Deficiency) of Revenues Over Expenditures	9,337
--	--------------

Beginning fund balance	10,169
Adjustments to fund balance	
Prior year transactions not previously reported (1)	36,253
Funds advanced from NGA for STEM grant (2)	52,537
Funds advanced for International Incubator Program	20,000
Ending fund balance	\$128,296

NOTES TO FINANCIAL INFORMATION

- (1) The financial information for the prior years is being adjusted to report transactions on a cash basis. The adjustment includes a deposit of \$35,000 on June 13, 2007 that was not included in the report for the prior fiscal year by error.
- (2) HTIC was the fiscal agent for the NGA STEM grant in FY2008, but the function is being transferred at the request of the Chair of the Senate Committee on Economic Development and Taxation, to the Department of Business, Economic Development and Tourism (DBEDT) effective the new fiscal year. The amount represents the remaining balance from an advance received from NGA. The funds will be used to pay outstanding obligations and the balance returned to NGA or transferred to DBEDT.

HTIC

High Technology Innovation Corporation

2800 Woodlawn Drive
Honolulu, HI 96822

Tel: (808) 539-3615

Fax: (808) 539-3611

Published pursuant to HRS Chapter 206M-56

This report has been cataloged as follows:

High Technology Innovation Corporation.

Report-High Technology Innovation Corporation. Honolulu: 2006-.
Annual.

1. High technology-Hawaii. 2. Industry and state-Hawaii.

HD62.37.H32.2008