



The meeting of the Board of Directors (Board) for the Hawaii Technology Development Corporation (HTDC) was held in-person on May 5, 2022, at the Entrepreneurs Sandbox – Large Classroom, located at 643 Ilalo Street, Honolulu, HI 96813.

Members Present, In-Person:

Chung Chang, Department of Business, Economic Development and Tourism (DBEDT), alternate Ex-Officio Member, Chairperson (Chair)
Edward Barnabas, Member-At-Large (Mr. Barnabas)
Vincent Kimura, Member-At-Large (Mr. Kimura)
Craig Nakanishi, Member-At-Large (Mr. Nakanishi)
Presley Pang, University of Hawaii (UH), alternate Ex-Officio Member (Mr. Pang)

Members Absent:

Sandra Fujiyama, Member-At-Large (Ms. Fujiyama)
Bernice Glenn, Member-At-Large (Ms. Glenn)
Gregory Kim, Member-At-Large (Mr. Kim)
Rick Volner Jr., Member-At-Large (Mr. Volner Jr.)

Counsel Present, In-Person:

Elise Amemiya, Deputy Attorney General (Ms. Amemiya)
Delanie Prescott-Tate, Deputy Attorney General (Ms. Prescott-Tate)

Staff Present, In-Person:

Len Higashi, Acting Executive Director (Mr. Higashi)
Ray Gomez, Controller (Mr. Gomez)
Wayne Inouye, MEP Center Director (Mr. Inouye)
Sandi Kanemori, Contracts Manager (Ms. Kanemori)
Wayne Layugan, Senior Project Manager (Mr. Layugan)
Cindy Matsuki, MEP Project Engineer (Ms. Matsuki)
Dave Molinaro, HCATT Acting Manager (Mr. Molinaro)
Ellen Ng, Economic Development Specialist (Ms. Ng)
Stephanie Yuu-Sato, Fiscal and Contracts Specialist (Ms. Yuu-Sato)

Guest Present In-Person:

Mike McCartney, Director, Department of Business, Economic Development and Tourism (Mr. McCartney)
Pono Chong, Pono Consulting (Mr. Chong)



1. Call to Order

Chair called the meeting to order at 3:00 p.m. Chair introduced himself as designee for DBEDT assigned by Mr. McCartney to lead today's meeting.

2. Roll Call

Mr. Higashi conducted a roll call of the Board.

Roll call: Chair, Mr. Pang, Mr. Nakanishi, Mr. Barnabas, and Mr. Kimura acknowledged attendance. Ms. Fujiyama, Ms. Glenn, Mr. Kim and Mr. Volner Jr. were excused.

3. Approval of March 16, 2022 Minutes

Motion to approve the Minutes from the March 16, 2022 Board Meeting.

Motion to approve made by: Mr. Kimura / Second: Mr. Nakanishi

Chair called for the vote: The motion was unanimously approved:

Vote: Approved, 5-0

4. First Responders Tech Campus (FRTC)

Mr. Higashi and Ms. Kanemori provided an overview of the FRTC project. The project team includes HTDC, Hawaii Community Development Authority (HCDA), SSFM International, and other subcontractors. The purpose of the FRTC campus is to bring City, State and Federal departments into one location to improve communication and coordination, create shared training and learning facilities, and to increase technology use and adoption. The first tenants planned to move in are the Hawaii Emergency Management Agency (HIEMA) and Office of Enterprise Technology Services (OETS).

This legislative session HTDC was re-appropriated funds to purchase an adjacent parcel. Mr. McCartney advised that with the prior appropriation he has been helping HTDC with the due diligence process and request for allotment by the Governor. The allotment will be contingent upon putting together a purchase and sale agreement that has conditions based on appraisal, land use conditions, site assessments, and assignments. Also, the project needs to pursue a



Memorandum of Agreement from the City to participate with the State as there are multiple agencies of County government involved with the project.

Mr. Higashi also explained that HTDC was asked to provide a cost estimate for the first phase infrastructure buildout. The first phase buildout was appropriated to HIEMA this legislative session. HTDC does not have an agreement with HIEMA at this time.

Chair opened to any questions or concerns.

Mr. Barnabas commented on some potential technology opportunities that he sees for the project. Mr. McCartney suggested that Mr. Higashi share some project videos with the Board.

This matter will continue as an agenda item. No action at this time.

5. State Small Business Credit Initiative (SSBCI)

Mr. Higashi and guest Mr. Chong, contractor Pono Consulting, provided an overview of the SSBCI program. SSBCI is a 10 billion dollar program which is part of the American Rescue Act that congress started to assist with the pandemic. The program is to provide access to capital to small businesses. HTDC is the lead agency for Hawaii. Legislature has provided HTDC with \$500,000 to support the program and the treasury is providing almost \$800,000 with technical assistance.

Hawaii's SSBCI program will be referred to as HICAP – Hawaii Small Business Capital Program. Under HICAP there are two types of programs, HTDC will administer the investment program and sister agency – Hawaii Green Infrastructure Agency (HGIA) will administer the loan programs.

Mr. Nakanishi requested copies of white paper on program to be sent Mr. Higashi acknowledged that the report is on the HTDC website and a link will be provided to all board members.

Mr. Higashi advised that HTDC has hired a compliance advisor, is about to hire an investment advisor, and plan to hire an employee with the federal funds to manage the investment program and responsible for oversight of the entire program. HTDC is also hiring contractors for software upgrades for reporting, public relations and marketing, and specialized legal assistance. HGIA will hire an employee and contractors to assist with administering the program.



Mr. Higashi advised that anyone involved in the approval process is considered an SSBCI insider. Therefore, under the proposal submitted for the SSBCI program Board members will be considered an SSBCI insider with no relief even if recused from voting. Any small business that a Board member, family members, or business partner has a financial interest in is not eligible for funding.

Mr. Higashi commented that any concerns need to be raised now before the proposal is accepted by the Treasury but was unclear on any options the Board might have.

Mr. Kimura requested clarification from Treasury.

Chair asked if there are any actions to be taken.

Mr. Higashi said that he will request specific clarification from the Treasury as to the options, will email as soon as available, and if any options are available will continue the discussion at the next meeting on May 24 when most members are able to attend. No further action at this time.

6. HTDC Reports

A. Chair's Report

None.

B. Executive Director's Report

Mr. Higashi provided a brief presentation introducing HTDC vision, mission, team, and statutes.

1) INNOVATE Hawaii

Mr. Inouye provided a briefing on the INNOVATE Hawai'i (INNOVATE) program. The program is part of a Federal program of the National Institute of Standards and Technology (NIST) Manufacturing Extension Partnership (MEP) with a vision to support and grow Hawaii's manufacturing that aligns with HTDC's mission. INNOVATE receives \$709,000 a year.

Mr. Higashi commented that the program funding was increased to \$800,000 annually, up from \$400,000 six years ago and gives credit to the team.



Mr. Layugan briefed on INNOVATE's core focus: food and beverage, workforce, industry 4.0 and Small Business Innovation Research/Small Business Technology Transfer (SBIR/STTR). Food and beverage continue to be the largest manufacturing sector in Hawaii. Activities include food safety training, third party audits, processing and packing consulting, workforce initiatives, attract and maintain workers, implementing 4.0, to bring technology integration into manufacturing process.

Ms. Matsuki briefed on the SBIR program. The program was created to stimulate innovation in the U.S. and research goals and needs. There are 11 participating federal agencies in the program with a 3 billion dollar annual budget. It is a three-phase program, Phase 1-proof of concept, Phase 2-product development, and Phase 3-commercialization. HSBIR program has a Phase 0 program for first time SBIR applicants to receive grant support.

Mr. Inouye briefed on upcoming projects TechBridge, an Office of Naval Research (ONR) program to connect the local tech program with Department of Defense (DOD).

Mr. Inouye briefed on the Hilo Innovation Manufacturing Center (IMC). It is a miniature version of the Entrepreneurs Sandbox to boost the economy, to inspire innovation and entrepreneurship. Partnering with Foreign Trade Zone to expand and AgTech as an anchor tenant.

2) Hawaii Center Advanced Transportation Technology (HCATT)

Mr. Molinaro briefed on HCATT and hydrogen opportunities in Hawaii. HCATT is a Federal funded program focused on DOD and Air Force. Mr. Molinaro encouraged the Board to support state funding for staff and to create a hydrogen council together.

3) Sandbox Programs

Ms. Kanemori briefed on the Sandbox programs. The Entrepreneurs Sandbox was built to inspire innovation and currently has 9 tenants and 50 co-workers. The latest development was the media studio. Maui Research & Technology Center (MRTC) has 19 tenants, 15 coworkers but limited social events due to COVID. The Sponsorship program provides funding for community events. The Accelerator program provides funding



to support local accelerators who serve as a critical resource for startups. The legislature appropriated \$1.5 million this session.

Ms. Ng briefed on the E-Commerce and the Digital Currency Innovation Lab (DCIL) programs. The E-commerce training is done with funding provided by the federal Economic Development Authority. 136,000 residents have crypto accounts. A bill was introduced this session to regulate crypto but did not pass. The DCIL is scheduled to end December 31, 2022. HTDC is in discussions with the Division of Financial Institutions on the plan moving forward.

4) Budget

Mr. Gomez briefed on the FY22 budget appropriation. HTDC's 1.2 million annual budget is broken down into two sections, payroll and other expenses. Payroll is set at \$592,419. Hawaii Small Business Innovation Research (HSBIR) grants awarded out to companies is \$520,000. The remaining funds must cover all other expenses including: rent, property management for Sandbox, office expenses (subscriptions, office supplies/equipment).

5) Board Discussion

The board concurred that due to time constraints, discussions should continue in future board meetings.

C. Department of Business Economic Development & Tourism (DBEDT) Report

None.

D. University of Hawaii (UH) Report

Mr. Pang commented on behalf of Vassilis Syrmos that 3rd quarter recap is research spending is up 60% from last fiscal year. To date UH has brought in 407 million dollars, if trend continues UH will hit over 500 million dollars.



7. Executive Director for HTDC

Chair recommends deferring this agenda item to the next board meeting due to limited amount of Board members present at today's meeting.

Motion to defer made by: Mr. Nakanishi / Second: Mr. Kimura

Chair called for the vote: The motion was unanimously approved:

Vote: Approved, 5-0

8. Board Positions

Chair recommends deferring to next board meeting due to limited amount of Board members present at today's meeting

Motion to defer made by: Mr. Nakanishi / Second: Mr. Kimura

Chair called for the vote: The motion was unanimously approved:

Vote: Approved, 5-0

Mr. Kimura asked if bylaws for HTDC and Hawaii Strategic Development Corporation (HSDC) exist and if they are still effective.

After some discussion, the board agrees that bylaws are needed and requests that HTDC staff and AG assist with research. Mr. Higashi acknowledged and commented that during the first board meeting he recommended to invite the Ethics Commission to attend a future board meeting to present and answer any questions board members might have, but due to the packed agenda, it is still planned for the future.

9. Legislative Update

Mr. Higashi recapped the Legislative session with the footnote that the budget worksheets have not been released yet. Received funding for the programs discussed today SBIR Phase 2, Phase 3, Accelerator, Manufacturing Grant Program and \$500,000 for the SSBCI program and an appropriation for the Hawaii Office Naval Research Program for renewable energy projects. R&D and digital currency did not pass. Our mission also changed we are no longer building tech parks but economic zones.



10. Old Business

Agenda indicated old business as “Continue discussion on preparing an updated strategic plan for HTDC and/or action related to developing a strategic plan for HTDC.”

Chair recommends deferring this to the next board meeting.

Motion to defer made by: Mr. Kimura / Second: Mr. Nakanishi

Chair called for the vote: The motion was unanimously approved:

Vote: Approved, 5-0

Adjournment

Chair called for a motion to adjourn

Motion to adjourn made by: Mr. Kimura / Second: Mr. Nakanishi

Chair called for the vote: The motion was unanimously approved:

Vote: Approved, 5-0

Meeting adjourned at 7:00 P.M.

Respectfully submitted,

Stephanie Yuu-Sato
Acting Board Secretary