



**MEETING MINUTES OF THE
HAWAII TECHNOLOGY DEVELOPMENT CORPORATION
(HTDC)
BOARD OF DIRECTORS**

**August 11, 2022
Entrepreneurs Sandbox – Large Classroom
643 Ilalo St., Honolulu, HI 96813**

Present

Craig Nakanishi, Chairperson (Mr. Nakanishi)
Edward Barnabas, Member-At-Large (Mr. Barnabas)
Sandra Fujiyama, Member-At-Large (Ms. Fujiyama)
(arrived meeting at 3:05 pm)
Bernice Glenn, Member-At-Large (Ms. Glenn)
Gregory Kim, Member-At-Large (Mr. Kim)
Vincent Kimura, Member-At-Large (Mr. Kimura)
Mike McCartney, Department of Business Economic
Development and Tourism (DBEDT), Ex-Officio Member
(Mr. McCartney) (arrived meeting at 3:53 pm)
Vassilis Syrmos, University of Hawaii (UH), Ex-Officio
Member (Mr. Syrmos)
Rick Volner Jr., Member-At-Large (Mr. Volner Jr.)

Counsel Present

Elise Amemiya, Deputy Attorney General (Ms. Amemiya)

Guest(s) Present

Iqbal Ashraf, Guild Consulting (Mr. Ashraf)
Vijoy Chattergy, Guild Consulting (Mr. Chattergy)

Staff Present

Len Higashi, Acting Executive Director
(Mr. Higashi)
Ray Gomez, Controller (Mr. Gomez)
Paul Hsi, HI-CAP Program Manager
(Mr. Hsi)
Wayne Inouye, MEP Center Director
(Mr. Inouye)
Sandi Kanemori, Contract & Grants
Administrator (Ms. Kanemori)
Wayne Layugan, MEP Senior Project
Manager (Mr. Layugan)
Cindy Matsuki, MEP Project Engineer
(Ms. Matsuki)
Dave Molinaro, HCATT Manager
(Mr. Molinaro)
Olivia Sou, HTDC Special Assistant
(Ms. Sou)
Stephanie Yuu-Sato, Fiscal and
Contracts Specialist (Ms. Yuu-Sato)

1. Call to Order

Chair called the meeting to order at 3:03 p.m.

2. Roll Call



Mr. Higashi conducted a roll call of the Board.

Roll call: Chair, Mr. Barnabas, Ms. Glenn, Mr. Kim, Mr. Kimura, Mr. Syrmos, Mr. Volner Jr. acknowledged attendance. Notated Ms. Fujiyama arrived at 3:05 p.m. and Mr. McCartney arrived at 3:53 p.m.

Mr. Higashi introduced Paul Hsi, HTDC's new HI-CAP Project Manager who started on Monday August 8, 2022

Mr. Hsi briefed the Board on his previous employment. Returning to Hawaii after spending 30+ years in New York in the investment banking and investment management business.

3. Approval of July 6, 2022 Minutes

Chair called for a motion to approve the July 6, 2022 Minutes

Motion to approve made by: Mr. Volner Jr. / Second by: Mr. Syrmos

Vote Approved, 8-0

6 Old Business

Chair request to take to take items for Board action first. Agenda items 6B, discussions related to bylaws and 6C, election of officers for the HTDC Board unless there are any objections.

No objections at this time.

B. Continue discussion and/or action related to bylaws

Ms. Amemiya advises that the bylaws should be pursuant to section that authorizes the Board to have bylaws, internal management of the Board and powers and duties of the Board which is outlined in the Statutes.

Mr. Kim main concern is requirements of quorum.

Ms. Amemiya explains that HRS 92-15 outlines quorum, majority of all members to which the board is entitled.

Mr. Kim and Ms. Amemiya agree not to list a specific number in the bylaws but to reference HRS 92-15.

Chair suggests that Ms. Amemiya and Mr. Kim convene and bring a final draft to the Board.

Matter of the bylaws has been deferred.

C. Elections of officers for the HTDC Board

Chair advises that nominations for Chairperson is now open

Mr. Barnabas nominates Mr. Nakanishi as Chair.

Chair asks for any other nominations. No other nominations received.

Mr. Nakanishi is elected as HTDC Chair.

Chair requests nominations for Vice Chair.

Mr. Kimura nominates Mr. Syrmos.

Chair asks for any other nominations. No other nominations received.

Mr. Syrmos is elected as HTDC Vice Chair.

4. Hawaii Small Business Capital Program (HI-CAP) Program

Mr. Higashi introduces Mr. Ashraf and Mr. Chattergy and advises that the application process is moving forward with the HI-CAP program. Anticipating making recommendation on potential funds as early as September.

Mr. Ashraf briefed that there have been seven applicants to date. Applicants have been reviewed by HTDC then sent to Guild Consulting for further review, then sent their recommendations to the evaluations committee which consists of Guild Consulting, HTDC and members of DBEDT. Applicants provided presentations and were evaluated. One of the applications has been deferred from receiving further consideration.

Mr. Chattergy states that Mr. Ashraf described “Phase 1” of the process. In “Phase 2” HTDC will prioritize which funds to begin an in-depth due diligence process. In the



“Phase 2” process, a Financial Risk Evaluation Procedure (FRP) will be completed and will be provided to the Board when recommending an investment for approval. The final step is “Phase 3” which is contracting which will negotiate the terms and conditions following the guidance of HTDC’s Deputy Attorney General.

Mr. Chattergy provided an overview of the FRP. Divided by four sections, first three sections will be an executive summary report of work performed that will be presented to the Board. Appendices and additional information will be available upon request.

Mr. Higashi reminds the Board that the first tranche has begun. We have received \$20 million of which \$10 million has been allocated to the HI-CAP Invest Program.

Ms. Glenn advises that she appreciates if the foreign owned controlled interest aspect of ownership is mentioned according to the Federal requirements.

Mr. Syrmos asks if there is any specific in the contract with the Treasury that points to the DFARS (Defense Federal Acquisition Regulation Supplement).

Mr. Higashi advises the question was brought up at a prior meeting regarding international investment and he does not believe there are any restrictions but advises that part of the FRP due diligence inquires about foreign ownership of investors.

Mr. Kim asks what the criteria and investment priorities and would clarification if investments are prioritized on making money or economic development?

Mr. Ashraf advises there are three levels of criteria, first being the qualifier which needed to meet minimum qualifications. Second application went to the evaluation committee who viewed at it with three different perspectives, return on investment (ROI), economic development as defined by DBEDT, and the investment policy portfolio created by HTDC.

Mr. Higashi states that the Board previously approved the HI-CAP Invest investment policy which targets building a diverse portfolio including IT software, manufacturing, value added agriculture, defense, creative media, aquaculture, renewable energy, and UH. These are the targets we are trying to build through the applicants. Mr. Higashi clarifies that there are two categories of investments: an anchor investment which is high probability of both economic development and return on investment will receive \$3-5 million of investments, and a standard investment which has some risk in return on investment or economic development – so will receive \$1-2 million of investments.

Mr. Kim states that we should be taking risks to fill gaps.



5. HTDC Reports

A. Chair's Report

Chair advises that the Board will hear more about strategic planning and that there will be an executive session at the end of today's meeting.

B. Executive Director's Report

Program Updates

1. HI-CAP

Mr. Higashi updates that HTDC is managing the HI-CAP fund of funds contracting Hawaii Green Infrastructure Authority (HGIA) for HI-CAP Collateral Support Program. Central Pacific Bank (CPB) has been enrolled as the first bank for the HI-CAP Collateral Support Program and the first loan inquires have started to come in. The HI-CAP CDFI program was just launched yesterday and the HI-CAP Loan program will be launched tomorrow which will complete the SSBCI requirement to stand up all the programs within the 90-day requirement. We are now focused on preparing for the reporting and still need to apply for the technical assistance grant. After consulting with the State Ethics office, HI-CAP procedures were expanded and strengthened to avoid real or perceived conflicts of interest.

2. First Responders Tech Campus

Mr. Higashi briefs that the Governor has vetoed the funding the legislature had appropriated to start construction and purchase additional property at the site. We will continue with the EIS and permitting.

3. Entrepreneurs Sandbox

Mr. Higashi advises that Blue Startups is here for a six-week cohort. We have hit a milestone as our coworking membership is now oversubscribed at 58 members.

Mr. Barnabas offers his office space for future meetings if needed.

4. INNOVATE Hawaii

Mr. Inouye thanked Ms. Fujiyama, Mr. Barnabas and Mr. Kimura who are part of the Federal Projects Committee (FPC). Mentioned that the issues raised by the FPC include concerns over group bias and a desire to favor applications that are aligned with the State priorities. The FPC will meet again and plan to present the board with a revised procedure by the next board meeting.

Mr. Inouye briefed meeting with the Chancellor of UH Hilo regarding the Hilo Innovation Manufacturing Center (IMC) and looking into the forest industry and renewable energy.

Working on the next legislative bills, one will be to expand the SBIR program to include Other Transaction Authorities (OTA). Another will be for the Manufacturing Assistance Program (MAP) that supports economic development for renewable energy, training, equipment but we are requesting to add workforce development for skilled workforce and renewable energy systems. Both bills are not asking for any financial increase but only revised statutes.

Mr. Syrmos does not agree with adding OTA to the existing SBIR program which is very successful. Instead of including OTA, we should be asking the legislature for more financial assistance.

Mr. Higashi explains the logic behind the OTA is that after completing Phase I and Phase II they transition into an OTA so it becomes a transition vehicle. Mr. Higashi agrees that further work is needed and will work with Mr. Syrmos before drafting any amendments.

5. HCATT

Mr. Molinaro summarizes the additional funding received to complete the construction of the Pacific Energy Assurance and Renewable Lab (PEARL).

6. Budget

Mr. Gomez updates FY23 covers payroll and operations. The federal grants and monies approved by the Legislature are to cover special purposes as part of our mission.

Chair asks what the amount of the excess payroll that lapsed.

Mr. Gomes responds with \$70,000.00

B. Department of Business, Economic Development and Tourism (DBEDT) Report

Mr. McCartney comments that DBEDT is asking for Legislative bills. The programs need to start thinking what their objectives are even though they just received the funds from the previous legislative year.

Budgets through the Administration need to be submitted in October but the Board is welcome to submit their own proposals and work with the legislature. We should work to figure out what we are aiming for, what we would like to go after, especially the one-time funding.

Mr. McCartney shares that DBEDT now has the Stadium Authority and AgriBusiness Development Corporation.

C. University of Hawaii (UH) Report

Mr. Symos states that they did very well this year. Half a billion of extramural funding. OIC has hired George Yarbrough as the director of Innovation and Entrepreneurship Program. Will also be hiring four more people in our federal innovation office.

6. Old Business

A. Continue discussion and/or action related to the Finance committee

Mr. Gomez describes the types of audits that were inquired at the last board meeting. There are four types of audits. The normal State financial audit performed by Department of Accounting and General Services (DAGS), State single audit by state contractor where a auditor comes on-site. Grantor audit where the grantor reserves the right to request to audit. The last is a new type of audit, the 206M-73 audit of strategic development programs by a third party auditor but that has not been requested as no work has been performed. However, with the HI-CAP now in progress an audit will likely be requested in the future.



Chair asks if a write up has been done for the Finance Committee duties.

Mr. Higashi responds that one was done for the previous meeting but not submitted for this meeting. The Finance Committee is a sub-committee of the Board that works with the staff and reviews the budget. We just past that period so there is no urgency.

Chair requests to send out the description of the Finance Committee and requests for volunteers to contact Mr. Higashi. At the next board meeting we will put the Finance Committee together.

D. Continue discussion on preparing an update strategic plan for HTDC and/or action related to developing a strategic plan for HTDC.

Mr. Higashi briefed that progress is being made with hiring a facilitator and requests more time. Mr. McCartney has offered to meet with the Governor but we need to organize before that meeting takes place.

Mr. McCartney reiterates that the meeting with the Governor is a valuable tool to build alignment and have open discussions.

Ms. Fujiyama is excused.

7. Executive Session (closed to the public)

Chair advises that we will be going into Executive Session. Ms Glenn moved to convene in executive session, seconded by Mr. Barnabas, and with all members present voting in the affirmative. The board approved convening in executive session to consult with HTDC's attorney on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities pursuant to Section 92-5(a)(4), Hawaii Revised Statutes.

Chair motioned to adjourn executive session at 4:57 p.m.

Motion to adjourn executive session moved by: Mr. McCartney / Second by: Mr. Barnabas

8. Adjournment

Chair called for motion to adjourn



Posted on 09/09/22 @ 10:00 am
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Honolulu, Hawaii 96813 | www.htdc.org

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

Vote approved, 8-0

Meeting adjourned at 4:57 p.m.

Respectfully submitted,

Stephanie Yuu-Sato
Acting Board Secretary

