

FINAL

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

September 6, 2018

Manoa Innovation Center, 2800 Woodlawn Drive,
2nd Floor Board Meeting Room
Honolulu, HI 96822

PRESENT

Derek Lau, Chair
Elijah Yip, 1st Vice Chair
Martin Zorn
John Morton
Isabella Hughes
Linda Rosehill, NELHA Representative
Mary Alice Evans, DBEDT Representative
Craig Nakanishi, HSDC Representative

EXCUSED:

Race Randle
Mark Anderson
Creighton Arita

STAFF PRESENT

Robbie Melton, Executive Director & CEO
Ray Gomez, HTDC Controller
Sandy Park, HSBIR Manager
Michelle Rios, HTDC Exec Asst & Bd. Sec.

COUNSEL:

Dawn Apuna, Deputy Attorney General

1. Meeting called to order by Derek Lau at 3:06pm.
2. Introduction of incoming new Board Member: Isabella Hughes
3. Approval of Minutes – July 10, 2018 HTDC Board meeting

Motion made by Martin Zorn to approve the July 10th, 2018 minutes of the HTDC Board meeting and seconded by ***Mary Alice Evans*** and ***None opposed. Motion passed.***

4. Board Election – Federal Projects Committee Member vacancy filled. Chairman Lau announced we have a vacancy on Federal Projects Committee and Isabella Hughes has offered to serve on that committee.
Craig Nakanishi moved that the board vote to elect Isabella Hughes to fill vacancy on the Federal Projects Committee, motion seconded by ***John Morton*** and ***None opposed. Motion passed.***
5. Administrative Rules Revision – Two rules to consider and change for two grant funding programs. Robbie Melton explained the first vote on HAR Chapter 15-32. The 2018 Legislative session inserted into the bill to include private sector funding as the match for SBIR Phase III projects. This is a useful change for the companies who apply for the Phase III award, but are funded by a strategic partner or investor. Although this is a small change,

it does require a rule change to the grant, which involves the governor's approval, and a public hearing process. The HAR Chapter 15-32 was distributed to the board for review. The board will need to approved the change in the rules now and then again after the public hearing. Robbie Melton asked the board if they had questions and for approval of the new grant rules. Martin Zorn had comment and 2 questions about 32-2. He likes the expansion of the rules but wanted to make sure new wording was not restricting SBIR money. Robbie Melton clarified that the SBIR granting agency can't fund Phase III. Companies must find funding through another federal agency or private source to commercialize. AG Dawn Apuna had vetted the changes and board agreed to adopt the changes. **Mary Alice Evans** moved that the board accept the staff's recommendation to send draft amended rule to the governor for approval to go to public hearing and authorize Executive Director to conduct the public hearing, motion seconded by **John Morton** and **None opposed. Motion passed.**

John Morton asked, "Does HTDC enabling legislation require that everything be in HAR?" Mary Alice Evans agreed it was a good question. AG Dawn Apuna answered she would need to review the bill/statue. Discussion and impromptu research continued on with concerns that this cumbersome HAR process that HTDC would miss Phase III funding deadlines at the expense of one of these companies.

Mary Alice Evans offered a friendly amendment to the motion, "moved that the board accept the staff's recommendation to send draft amended rule to the governor for approval to go to public hearing and authorize Executive Director to conduct the public hearing, contingent on AG's review of the question of if this particular amendment is required by statute. **seconded by John Morton and None opposed. Motion passed.**

John Morton indicated he thought knowing this information would help going forward. Robbie Melton thanked the board for discussing this and stated that this was an important point as HTDC has grants that will require new rules this year and proper language would assist for an expedited process in those and future rules.

Board began discussions on 2nd rule change to proposed HAR Chapter 15-34 . Robbie Melton indicated there was no change to the rules but a change to the Act number and the dates. Robbie Melton asked for a recommendation. **John Morton moved, seconded by Mary Alice Evans and None opposed. Motion passed.**

Robbie Melton explained the new Federal R & D Tax Grant – HTDC has not created rules and is putting together a team including DBEDT and DOTAX to set up rules/criteria. Nothing to vote on at this time.

6. Tech Parks update

A. First Responder Tech Campus

Robbie Melton relayed FBI is to be a part of the FRTC. It wants to develop a 20 acre indoor and outdoor firing range/joint training facility with HPD. We are working on the MOU and UHCDC to do preliminary drawings. For FY19, HTDC will receive \$6.5M to clear the land and \$900K for Project Management. ED reported to board that an outside attorney needs to be hired to facilitate bifurcating the land. It will cost approximately \$100K. Working with Brian Yee at AG's office select the third party attorney to bifurcate the land to address all the various land use issues and reclassification.

B. Hilo Multipurpose Processing Facility

DLIR secured \$11M for Hilo Multipurpose facility. HTDC will hire a part-time Project Manager. HTDC will be hiring an architect to do construction designs of 1st buliding which will be attached to the current warehouse. HTDC is negotiating an MOU with

the FTZ for joint partnership on the project. HTDC is in the process of securing vendors to do due diligence on land.

7. Innovation Centers update

- A. Sandbox construction progress/timeline. Construction is progressing as planned. Concrete has been selected. Close to finalizing Apaman investment agreement. Ray Gomez is working with Carl Nagasako to create the Trust account to hold investment account. Martin Zorn asked about the Trust Account as mechanism for this investment from previous meeting discussion. Mary Alice Evans explained in detail why the Trust is the most expeditious, best mechanism based on time constraints and requirements of investor.
- B. The Cube
Robbie Melton indicated because of current HTDC funding issues she is pursuing CIP funds for a possible new incubator including two options. One is seek funding for a new building and the other includes purchasing space, 2 floors, in the Innovation Hale which is private sector building next to Sandbox. The Cube estimated cost is \$40M. The purchase of 2 floors should be much less. Board expressed concerns/need for operating funds and cost of purchasing space. ED asked if the state can own condo property and pay landlease. Discussions took place on price of new build vs buying in builder's building and what features might be available. Suggested looking at long-term lease with option to purchase. ED stated she has not begun to talk to the legislators about the CIP request, waiting for the pricing from Stanford Carr for comparison. Board Chair requested that ED hold off any CIP discussions until she gets the pricing from the developer for the two floors.
- C. Maui Research and Technology Center (MRTC) Occupancy Report:
ED reported MRTC occupancy reports.
Len Higashi gave report on new office arrangement at MRTC with diagrams illustrating new "Creative Industries" Corridor. Isabella Hughes asked how long are lease terms. Len Higashi responded month to month. A possible new tenant wants a long term lease. The 200MB internet speed is great for creative companies. Robbie Melton asked if the MRTC Permitted Action Group had anything to report. Mary Alice Evans, indicated they had met twice, had requested info from Colliers but did not have a final report yet. MRTC PAG member Martin Zorn expressed that a financial analysis had been done but does not include new tenants and there will likely be a recommendation for improved government financial reporting from management company using Government Finance Officers Association best practices. Mary Alice Evans asked Chairman Lau that the MRTC PAG be permitted to continue investigation and be able to report at next board meeting. Chairman Lau agreed.

8. HTDC Executive Director Annul Review

3:58PM Motion made by Mary Alice Evans for the board to go into Executive Session and asked Chair Derek Lau, if AG Dawn Apuna could stay? Chair, approved. Motion seconded by **Craig Nakanishi** and **None opposed. Motion passed**

**Staff and Executive Director left the Board Room while Board in Executive Session for 60 minutes.*

4:58PM *Staff returned to Board Room. Board member Isabella Hughes excused herself from the meeting to catch a flight.

9. HTDC Funding Status Update: The board discuss creating a Permitted Interaction Group to review HTDC finances given HTDC's loss of income and reduced budget expenditures. The PIG committee consists of Martin Zorn, Linda Rosehill, Luis Salaveria(Chair),Creighton Arita and Isabella Hughes, Mary Alice Evans (Staff Resource to the PIG).

10. HTDC Reports

- A. Chair's Report – No, Chair's report
- B. Executive Director's Report
1. HTDC Financial Report –Controller, Ray Gomez explained we will be expending all of our general funds and Special Funds to support the operations of HTDC. Board requested to have the financials presented in a different format. INNOVATE Hawaii was awarded a \$125,000 FAST grant from SBIR to promote the SBIR program on the neighbor islands. HTDC is unable to fill its four vacant positions due to lack of funding. HCATT is moving its operations to 707 Richards street, decreasing is leasing costs substantially.
- C. Department of Business, Economic Development & Tourism (DBEDT) Report – No report
- D. Natural Energy Laboratory of Hawaii Authority (NELHA) Report – No Report
- E. Hawaii Strategic Development Corporation (HSDC) Report - The board met yesterday and committed to \$5.3M in follow on funding – reinvest funds, given short life span of HSDC.
- F. University of Hawaii (UH) Report - None

11. Next HTDC Board Meeting: November 1, 2018

5:11PM Motion made by *Linda Rosehill* for the Board to adjourn, motion seconded by *Mary Alice Evans* and *None opposed. Motion passed.*

Adjourned the Board meeting at 5:11PM

*An executive session may be called to consider the hire, evaluation, dismissal, or discipline of an officer or employee, where consideration of matters affecting privacy will be involved; provided that if the individual concerned requests an open meeting, an open meeting shall be held pursuant to Section 92-5(a) (2), HRS.

*An executive session may be called to deliberate concerning the authority of persons designated by the board to conduct labor negotiations or to negotiate the acquisition of public property, or during the conduct of such negotiations pursuant to Section 92-5(a) (3), HRS.

The public meeting is accessible for individuals with disabilities. Auxiliary aids and services are available upon request by calling the Hawaii Technology Development Corporation offices at: (808) 539-3615. A request for an auxiliary aid or service should be made no later than FIVE working days prior to the public meeting.