



FINAL

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

May 3, 2018

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

PRESENT

Derek Lau, Chair
Elijah Yip, 1st Vice Chair
Fred Delse, Secretary/Treasurer
Kelly King, Director
Luis P. Salaveria, DBEDT (Ex-Officio)
Craig Nakanishi, HSDC Representative
Martin Zorn, Director

EXCUSED:

Race Randle
John Morton
Linda Rosehill

STAFF PRESENT

Robbie Melton, Executive Director & CEO
Ray Gomez, HTDC Controller
Len Higashi, HTDC New Program & Dev. Mgr.
Sandy Park, HSBIR Manager
Michelle Rios, HTDC Exec Asst & Bd. Sec.

GUESTS:

Dawn Apuna, Deputy Attorney General

1. Meeting called to order by Derek Lau at 3:05pm.
2. Introduction of Michelle Rios, HTDC Executive Assistant and board secretary
3. Introduction of Martin Zorn, New HTDC Board Member, Pres. & COO, Kamakura Corporation
4. Approval of Minutes – March 1, 2018 HTDC Board meeting

Motion made by Elijah Yip to approve the March 1, 2018 minutes of the HTDC special Board meeting and seconded by **Luis Salaveria** and **None opposed**

5. Entrepreneur Sandbox Investment by Apaman: Ms. Melton informed the board of the terms of the agreement and will distribute to Board for review when complete. A few clarification questions from members. Expected signed agreement time frame July 2018.
6. HTDC FY 19 funding Status & HTDC Legislative wrap-up: Ms. Melton summarized 2018 Legislative session as it relates to HTDC. Bill SB48 passed moving the Hawaii Strategic Development Corp. (HSDC) into HTDC with merger to take place in 2020 with new name Hawaii Innovation Technology Research Corporation. Ms. Melton expressed thanks to Luis Salaveria for fighting for HTDC and negotiating to save HTDC and its statutes. At the time of the merger there will be a new board of directors. HTDC takes on investment responsibilities of HSDC. Discussions underway for transition. It was suggested HTDC and

HSDC boards to meet jointly as part of transition. SB48 zeros out HTDC Special Fund and board members shared their concerns on the elimination of the fund. Director Salaveria explained HTDC could create an Administrative Non General Fund that could replace the Special Fund He also summarized the new Board make up in 2020.

Ms. Melton reminded Board they have an email link of the Final SB48 (64 page) bill if they wanted to review.

Ms. Melton provided a Legislative appropriations report and announced the achievements. HTDC received funding for 5 grants: renewing the MAP, HSBIR Phase II and III, and Excelsior, HONR revived and a new grant. Ms. Melton explained the new Research and Development Grant program. HTDC has to write the new grant rules, expect to roll out new program by the beginning of 2019. HTDC will need to hire a temporary employee to administer the new grant.

Ms. Melton HTDC did not received funding to continue N13 Program. The bill for the funding projects from the Governors Annual Code Challenge and other hackathons was not funded. Will continue to ask for funding.

Board complimented Ms. Melton Executive Director on 2018 Legislative accomplishments.

7. UH Lease status-

Ms. Melton reported on the second meeting with UH. UH conducted tour of MIC The Permitted Action Committee involvement is critical as there is concern that UH priorities are shifting from initial discussions.

HTDC putting together a document of concerns with regards to tenant services, furniture and equipment Ms. Melton will distribute document to the Permitted Action members prior to the next meeting with UH. Everyone agrees come July 1st transition should be seamless for tenants.

8. Tech Parks update

A. First Responder Tech Campus - Ms. Melton reported funding was appropriated for design work for each agency involved and a new position was created and funded for a Tech Park Coordinator. In addition, HTDC received CIP Funds for \$900,000 for Project Management and \$6.5 million for clearing and grading. Project stalled in FY18 because of lack of funding. Consultant was selected to do project management but waiting for funding.

Ms. Melton/HTDC was notified the land needs a zoning amendment to "Urban Land" designation zone. Initially it was described as just an amendment and, that we could get lawyer to do paperwork. However, in discussions during the selection of the outside attorney HTDC discovered that this is a very lengthy process and substantial financial commitment. Ms. Melton Unfortunately, Assistant AG, Dawn Apuna cannot represent us as she represents the land commission. HTDC will hire attorney with funding that will come available Summer 2018. Board member asked why needed new zoning designation. Reason: Castle and Cook had land in an Umbrella but HTDC only purchased a parcel of that Umbrella so new owner must now have own designation. Ms. Melton Dawn Apuna indicated a former EAS did not have Cultural Significance on land. HTDC will conduct a search for private attorney to handle zoning/condition issue this summer.

- B. Hilo Multipurpose Processing Facility – Ms. Melton reported DLIR received \$11M in CIP funding for the project. Ms. Melton stated June 2018 will have conceptual drawing of the manufacturing facility from UH Design Center. Ms. Melton stated HTDC is working with the Foreign Trade Zone Director to secure the FTZ site in Hilo for project. Ms. Melton stated there will be multiple development stages. The first phase of development will be the light manufacturing facility.

- C. Sandbox – Ms. Melton reports Sandbox construction has started. Thank you to those who were able to attend the groundbreaking ceremony. Thanks to Stanford Carr for set up and food. Thank you, Derek Lau for the great job with the welcome remarks. Investors from Japan were present. The Governor provided remarks and spoke about the 80/80. We have installed a time lapse camera on client building to document the construction. Nordic believes they will be done with construction in February 2019. Possible launch in May. It was discussed that it would be great to do a tour have a deadline with EDA. Ms. Melton gave, big thank to Len Higashi who has worked tirelessly to keep the project on schedule.

9. Innovation Centers:

- A. The Cube. HTDC & DBEDT are working with private sector to create an endowment for new innovation center. Ms. Melton mentioned working with Stanford Carr for possibility of moving into the private sector building he is constructing next to the Sandbox, . Director of DBEDT expressed optimism of new investors being invigorated by Sandbox.

- B. Tenant Report MIC/MRTC. –
MIC: HTDC has halted all activity, no new tenants per UH request
MRTC HTDC working on remodeling, upgrading furniture in the co-work space. No new tenants but new people in co-share space
Francisco left April 20th. So HTDC will be looking for a new Innovation Manager.

C. HTDC Reports

Chairs Report:

Chair Derek Lau praised Ms. Melton and DBEDT for outstanding work done during the Legislative Session. Congrats for excellent success at Sandbox groundbreaking. Great interest from students.

Executive Directors Report:

Ms. Melton recognized and thanked Sandy Park for acting as Board Secretary while the position has been vacant, and recognized that it was Sandy's Birthday. She also recognized Stephanie Yuu-Sato in accounts payable for her support.

Tenant success: Dev League was just accepted to receive GI Bill, Which now allows veterans to attend their boot camp.

Ms. Melton distributed the new 2017 Annual Report –

Financial report:

Ms. Melton reported HTDC was able to get the restricted funds released. This money was added to the manufacturing grant to allow more companies to access.

Board discussed merits of the current dollar amounts of manufacturing grants vs the number of companies that receive the grants. Ms. Melton shared with the board that HTDC would be willing to change the rules for the manufacturing grant if/when the funds became an annually reoccurring from budget item from legislature. However, right now HTDC must petition every year so it makes changing the rules challenging. Ms. Melton acknowledged that raising awareness of availability of grant is key however HTDC consistently has to turn down qualified applicants because of lack of enough funding. HTDC enjoys a very high rate of qualified applicants.

Staffing HTDC is interviewing for:

Chief Operating Officer

Special Projects Coordinator

MEP – had holding off hiring their Product Engineer until Federal Funds were settle now interviewing.

HCATT is looking for HCATT Secretary

Fiscal Specialist – Changed from accounting. Receiving no applications for this position.

HTDC is working Dept. of Public Safety for inmates to receive tech training during incarceration and working with employers to hire when complete.

12. DBEDT Report – Luis Salaveria

HILO Multipurpose facility maybe good match for a new designation called “Opportunity Zones”. Federal code allows investors to use unrealized capital gains for complete deferment of capital gains taxes if you put investment in OZ for 10 years.

13. NELHA - Luis reported they received funding to build Aquaculture accelerator \$500K and additional \$170K for Aqua culture conference. They were doing in conjunction with HSDC. Will eventually need Administrator. HSDC wanted to establish fund to support accelerator.

14. Next HTDC Board Meeting: June 14, 2018. Kelly King & Fred Delse terms will be ending in June. In July Creighton Arita will join and Bella Hughes may be coming on board.

15. Adjournment. Meeting was adjourned at 4:16 p.m.

Motion by Elijah Yip and seconded by Luis Salaveria

Adjourned the Board meeting at 4:24 p.m. (Unanimously passed 7-0)

*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.