



## Draft

Date: **Tuesday, May 21, 2019**  
Time: 3:00 p.m. – 5:00p.m,  
\*Location: Manoa Innovation Center  
2<sup>nd</sup> floor Board Room  
2800 Woodlawn Drive  
Honolulu, HI 96822

Gaylord Rocky Mountain Resort  
6700 North Gaylord Rockies Blvd  
Aurora, CO 80019  
(720) 452-6900

<b>PRESENT</b>	<b>STAFF PRESENT</b>
Derek Lau, Chair Creighton Arita Martin Zorn Mark Anderson, B&F Michael McCartney, DBEDT Linda Rosehill, NELHA John Morton, UH Craig Nakanishi, HSDC (arrived 3:35 pm)	Len Higashi, HTDC Acting Director Ray Gomez, HTDC Staff Wayne Inouye, INNOVATE Hawaii David Molinaro, HCATT Sophia Lam, INNOVATE Hawaii Sandy Park, HTDC Staff
<b>EXCUSED</b>	<b>Guests</b>
Race Randle Bella Hughes	Senator Glenn Wakai Riley Fujisaki, House Finance

- Call to Order:** The meeting was called to order by Chair Derek Lau at 3:10 p.m.
- Approval of Minutes** – March 7, 2019 HTDC Board meeting  
April 8, 2019 HTDC Board Meeting

*Motion made by Creighton Arita* to approve the minutes of March 7, 2019 and April 8, 2019 and seconded by *Mike McCartney*. **None opposed. Unanimously passed (7 - 0)**

- Federal Projects Committee Report
  - Review of HONR and HSBIR Budget – Federal Projects Committee member John Morton provided the review of the HONR and HSBIR budget. The FPC met on April 17 and 24 to consider applicants listed in the packet. HTDC has until the end of June 2019 to award the remaining funds. Based on this final round, HTDC will award the balance





of the remaining FY18-19 funds: \$950,000.00 for HONR, \$202,001.00 for HSBIR Phase 1, and \$1,425,000.00 for HSBIR Phase 2.

- a. For Phase 1 funds, 7 out of 7 applicants were awarded. For Phase 2 funds, 6 out of 12 applicants were awarded and 3 applicants were awarded ONR funding.

B. Summary of HONR and SBIR applications and awards. Board Action to approve funding recommendations.

**OFFICE OF NAVAL RESEARCH GRANTS**

<i>Applications for ONR FY 2019 First Round</i>	<i>Recommended by Committee</i>
Makai Ocean Engineering	\$ 272,655.22
Navatek, Ltd.	\$ 316,473.70
Oceanit	<u>\$ 360,871.08</u>
<b>Total</b>	<b>\$ 950,000.00</b>

**HSBIR Phase 1**

<i>Applications for Ph 1 FY 2019 Second Round</i>	<i>Recommended by Committee</i>
Nalu Scientific	\$ 43,725.23
Spectrum Photonics	\$ 41,318.34
Premier Solutions	\$ 36,146.19
Oceanit	\$ 28,999.89
Guide Star Engineering	\$ 27,413.39
Revacomm	\$ 12,928.23
Maui Innovation Group	<u>\$ 11,469.73</u>
<b>Total</b>	<b>\$202,001.00</b>

**HSBIR Phase 2**

<i>Applications for Ph 2 FY 2019</i>	<i>Recommended by Committee</i>
Premier Solutions	\$ 300,000.00
Adnoviv	\$ 250,000.00
ASCM	\$ 250,000.00
Nalu Scientific	\$ 250,000.00
Navatek	\$ 200,000.00
Experiad	\$ 175,000.00
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<b>Total</b>	<b>\$1,425,000.00</b>





Additional HSBIR Phase 2 applicants (not awarded): Forever Oceans, HNu Photonics, Makai Ocean Engineering, Oceanit, Spectrum Photonics, and Tridentis

***Motion made by Linda Rosehill that the Board vote to accept the recommendations of the committee to award the HONR, HSBIR Ph 1 and Ph 2 funds to the applicants. Mike McCartney seconded the motion. None opposed. Unanimously passed (7 - 0)***

4. 2019 Legislative Session Update – Acting Director Len Higashi provided a summary of bills for this Legislative session. He also acknowledged Senator Wakai’s attendance and his assistance this session.

A. HB624, HB340, SB33, SB1314, HB1259

a. HB264

1. Merging HSDC into HTDC and repeals HSDC statutes, which means all assets will transfer to HTDC as of July 1, 2019. However, it will take some time to move forward as no appropriations were given. Mr. Higashi will be meeting with DBEDT to plan for the transfer.
2. Other items include; effective July 1, 2020 the current board members’ term will end. The new board will consist of 4 nominees from the Senate and 4 from House and the Governor will choose 2 from each list, plus ex-officios from DBEDT and UH.
3. All current vacant positions have been eliminated except for the HTDC Executive Director and Executive Secretary positions. The General Fund appropriation was increased by approximately \$200,000 to help fund staff salaries that were previously special funded. There is also a new Project Manager position created and funded to assist with the Tech Park development projects.
4. HTDC will pursue federal funding and grant opportunities to supplement additional program funding.

b. HB340

1. Appropriates funding for the Hawaii SBIR, MAP and accelerators grant programs to continue. \$1M for HSBIR, \$ 500,000.00 for the MAP fund and \$300,000.00 for accelerators. The Office of Naval Research Grant was not funded.

c. SB33

1. This bill is related to the Creative Industries Division and the film tax credit. There are implications for HTDC to enter into a memorandum of understanding with the University to establish a movie studio at UH West Oahu. The role of HTDC is to be the

land development arm for DBEDT, which was initiated by the legislature.

d. SB1314

1. This bill provides an extension and increase to the State R&D Tax credit. There will be a \$5,000,000.00 aggregate cap, first to file and extends the research activity tax credit through 2024. It also transfers certification duties to DBEDT from the Department of Taxation. However, audit expertise does not exist at DBEDT/HTDC at this time. HTDC is trying to help DBEDT determine how to best accomplish the certification, as the tax credit provides resource to tech businesses. Senator Wakai provided more background including having HTDC streamlining the technology alignment and growing the technology industry in the future.

Mark Anderson inquired if administrative rules exist for this. Len Higashi clarified that DoTax has done the certification in the past. HTDC does not have the expertise to do this, however DBEDT will be determining if the costs and expenditures are accurate and meet the qualified research activity criteria. John Morton inquired if the SBIR grant is taxable. Sandy Park responded that the Hawaii matching SBIR award is exempt from the State GET only.

e. SB1259

1. This is a CIP bill which appropriates money to HTDC to acquire the land parcel adjacent to the First Responder Tech Campus. This will be used by responders and the tech community as an auditorium. Information is still limited at this time. Did not receive CIP for Sandbox for shortfall for construction and furniture. However, moving forward with furniture by using special funds.

5. Innovation Centers update by Len Higashi

A. Sandbox

1. Momentum created for the Sandbox. Open house during the week brought in many interested parties. HTDC signed a contract with Box Jelly as a partner for the co-work space, which will be a revenue share. Hawaii News Now will be featuring the Sandbox next week.
2. Central Pacific Bank, part of the Hawaii Community Foundation's Change Framework initiative, will be an anchor tenant as of June 1, 2019. They are interested in adopting new technology and solving problems for their industry. Close to partnership with corporate companies working on joint initiatives.

Creighton Arita asked on funding structure with Box Jelly. What is risk factor? Len Higashi responded that it's a revenue share partnership.

3. Other spaces still need funding for equipment includes the Creative Industry Division and the Maker Space. Looking for the right collaboration that will be a fit for the Sandbox. To date, the construction overrun was about \$250,000 and the security, A/V, carpet, etc. totals \$300,000. Parking is an issue with different customer base. Currently, HTDC has only 12 stalls available for the tenants.

4. Martin Zorn asked about the status of the Apaman investment. Senator Wakai reported that they are committed to fund probably in July at the beginning of their fiscal year, for the investment.

5. The Sandbox was open for public tours all this week and other events for next week include the monthly WetWare event featuring the Collaborative Robots and they will be available for public demonstrations on Thursday.

6. Acknowledgement of staff and hard work that have been put in during session as well as wearing many hats trying to get Sandbox up.

B. Maui Research and Technology Center (MRTC) – INNOVATE Hawaii Director Wayne Inouye provided update

1. Wayne Inouye reported that we have contracted with the Maui Business Brainstormers to conduct workshops on tech and manufacturing at the MRTC. They will do 4 workshops in the next 6 months. The intent is to showcase the space and provide tours to bring in more tenants to the facility. There is a pending MOA with the Maui Chamber to start bringing in new start-ups, traffic and visibility. The focus will be on partnership and programs at the MRTC.

- a. MRTC Permitted Interaction Group – Mary Alice Evans and Martin Zorn looking to new projects and giving it till the summer, and understand the funding situation will be.
- b. Strategy is focus on partnership and programs, still working on it.

6. Tech Parks update –

A. First Responder Tech Campus – Len Higashi reported that there is a \$15 million CIP fund for additional land next to the campus. Still waiting on release of funds for contracted project management team to get on board. HB624 included a new project management position for development projects, \$630,000 for this project. This bill will need to be approved for next fiscal year. This position was in the bill that removed us from the base bill and was in appropriation.

B. Hilo Multipurpose Processing Facility – The project will be revisited and discussions will take place as there is a new Director at DLIR, Scott Murakami and he is providing input on the IMC project. Action has been put on hold.



7. HTDC Staff Program Updates

A. HCATT – Dave Molinaro from HCATT provided update.

- a. The Air Force has awarded HCATT \$8.3 million for the construction of a renewable energy micro grid demo project at the Pacific Energy Assurance and Renewable Lab. The focus is on energy and mission assurance and will possibly be a prototype for the military and a state template for renewable energy micro grid. Other projects include hydrogen as an energy source.

B. INNOVATE Hawaii – Wayne Inouye provided update.

- a. A \$50,000 grant was received from DLIR to support apprenticeships and workforce, educating high school students and current employees. A Robotics demo will take place this week to educate employers on the future of manufacturing. The robot presentation will emphasize the collaboration of manufacturing workforce with the use of robotics.

C. Other HTDC Programs - None

Exec Session: *Motion* was made by *Mike McCartney* to enter into Executive Session and was seconded by *Linda Rosehill*. *None opposed. Unanimously passed (8 - 0)*  
Executive Session called to order at 4:05 p.m.

8. HTDC Funding Permitted Interaction Group\*\*

9. Discussion and Action on Personnel Matters Relating to the Executive Director Position\*\*

10. Discussion and Action Relating to the HTDC Budget\*\*

HTDC Board Meeting called back to order at 4:26 p.m. by Chair Derek Lau.

11. HTDC Reports

A. Chair's Report - None

B. Executive Director's Report

- a. HTDC Financial Report – Controller Ray Gomez
  - i. Next year's budget will be for staff salaries, HSBIR awards, and other fixed operational costs. Trying to be strategic and will pursue grants. \$300,000 remaining with \$100,000 encumbered. Trying to accomplish as much as we can with remaining funds.



ii. Len Higashi reported that HTDC met with HSDC on their obligations. GET must be filed this year and moving forward.

b. MEP Federal Grant Award – None

C. Department of Business, Economic Development & Tourism (DBEDT) Report – Mike McCartney provided update.

a. Mike McCartney said that he is impressed with Len Higashi's efforts in moving everything forward and being very professional. Chair Derek Lau also voiced his appreciation to Len and the HTDC staff.

D. Natural Energy Laboratory of Hawaii Authority (NELHA) Report – Linda Rosehill

a. Nothing to report as next meeting is next Tuesday.

E. Hawaii Strategic Development Corporation (HSDC) Report – Craig Nakanishi provided update

a. HSDC will have its last Board meeting on June 10<sup>th</sup> and all details will be clarified at that time.

F. University of Hawaii (UH) Report – John Morton

- a. John Morton announced that UH has received \$400 million in extramural funding
- b. John Morton also announced his retirement as of June 1, 2019 from UH and the Board. Mike McCartney thanked him for his service.
- c. Chair Lau thanked him for his service. Len Higashi also thanked him for serving on the Federal Projects Committee during his tenure.

12. Next HTDC Board Meeting: June 6, 2019

13. Adjournment

***Motion to Adjourn made by Linda Rosehill and seconded by Mike McCartney. None opposed, unanimously passed (8-0). The meeting adjourned at 4:36 p.m.***

\*\*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.



Posted on 5/15/19 03:26 pm

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\*\*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 may attend the meeting at any of the locations specified above.

**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.**

