

DRAFT: Amended

NOTICE OF MEETING HAWAII TECHNOLOGY DEVELOPMENT CORPORATION (HTDC) BOARD OF DIRECTORS

Date: **Thursday, July 18, 2019**
Time: 3:00 p.m. – 5:00p.m,
*Location: Manoa Innovation Center
2nd floor Board Room
2800 Woodlawn Drive
Honolulu, HI 96822

MINUTES

PRESENT	STAFF PRESENT
Elijah Yip, 1 st Vice Chair Martin Zorn Michael McCartney, DBEDT Mark Anderson Linda Rosehill Creighton Arita	Len Higashi, HTDC Acting Director Ray Gomez, HTDC Staff Wayne Inouye, MEP Staff Sophia Lam, MEP Staff Sandy Park, HTDC Staff
EXCUSED	Guests
Bella Hughes	Riley Fujisaki, Office of Rep. Luke Jodi Yi, Dept AG

AGENDA

1. Call to Order: The meeting was called to order by Vice Chair Elijah Yip at 3:13 p.m.
2. Approval of Minutes – June 6, 2019 HTDC Board meeting

Motion made by Martin Zorn to approve the minutes of June 6, 2019 and seconded by Mike McCartney. None opposed. Unanimously passed (6-0)

3. Action: Nominations and Elections of Officers of the HTDC Board of Directors for 2019-2020

Vice Chair Elijah Yip presented the slate of nominations to the Board as follows:

- A. Officers of the Hawaii Technology Development Corporation (HTDC) Board of Directors

Martin Zorn has agreed to serve as Board Chair, Elijah Yip has agreed to serve as Vice Chair.

B. Board Representative to Natural Energy Laboratory of Hawaii Authority (NELHA) Board of Directors

Linda Rosehill commented that the current statutes state that there isn't a NELHA representative on the Board. Mike McCartney proposed to take action to change the statutes to include NELHA on the board.

C. HTDC Federal Projects Committee and Finance Committee

The following members have agreed to serve on the Federal Projects Committee: Elijah Yip, Martin Zorn and Bella Hughes.

The following members have agreed to serve on the Finance Committee: Mike McCartney, Linda Rosehill and Creighton Arita.

Motion made by Mike McCartney to approve the nominations and elections of the officers and committees of the HTDC BOD and seconded by Linda Rosehill. None opposed. Unanimously passed (6-0)

4. R&D Tax Credit Update

A. Grant award to 'Ike being held pending further discussion with State Ethics Commission regarding grant eligibility.

Len Higashi reported that HTDC is requesting clarification from the State Ethics Commission on whether 'Ike is eligible to receive the grant award. The Commission has raised concern that Mr. Arita is the CEO at 'Ike and also currently serves on the HTDC Board of Directors. Mr. Arita shared that he received a call from the State Ethics Commission and informed them that he was not aware that 'Ike decided to submit the grant application and was not part of the preparation of the proposal. As of now, the award is on hold and will take 30 days for the Commission to provide their decision and final answer.

5. Innovation Centers update – Len Higashi provided updates.

A. Sandbox –The Sandbox is currently very busy with events and setting up spaces. Blue Startups will have their Demo Day this Friday. The Grand Opening is on hold till furniture arrives and is set up. HTDC staff Sandi Kanemori has been acting as Sandbox manager and coordinating the needs of the space. The support and attention have been overwhelming.

a. Apaman Investment Agreement signed.- The \$1 million investment was on hold for 6 months as Apaman worked on other issues. We are back on track and have moved

forward with the \$1 million investment for improvements and operations at the Sandbox. The agreement commits 3 office spaces to Apaman for up to 20 years. Apaman is an established company in Japan with a network of coworking spaces worldwide and has offered to extend their livestream events and investors to fly to Hawaii for pitches.

b. TRUE Initiative – The TRUE Initiative includes Central Pacific Bank and Servco, who became the first tenants at the Sandbox. Under the TRUE Initiative they have the desire to integrate new technology into their businesses and want to do so in a collaborative space and benefit from sharing their experiences with one another (open innovation model). The companies are placing their technology teams into the offices and using the collaborative floor space for group work with other companies. Others want to be close to this and want to be working and sharing with one another. A related tech internship program is starting, with seed funding from the CPB Foundation. There is a lot of activity going on at the Sandbox and it is very exciting. There are more people who want to get involved than there is space, so HTDC is converting the Maker Space area into more room for entrepreneurs and tech start-ups. Len Higashi continued that the Sandbox is really exciting and as we are helping others, the rewards are coming back to us with partnerships and stakeholders. Martin Zorn commented that there needs to be more publicity to make the general public aware to increase people's interest. Len shared that DBEDT's Public Relations team is helping with that.

B. Maui Research and Technology Center (MRTC) – Len Higashi shared that he attended the Maui Business Brainstormers' workshop on "How to build a successful product or service". It was held in Kihei at the MRTC. This is the first of four workshops. He met with a company who is interested in taking space at the MRTC. Things have definitely gotten better at MRTC, however there are still issues of traffic and flow. Occupancy is about 50%, and if the one company takes up the large area, MRTC will be back in a healthy financial situation. Len credits Wayne Inouye for partnering with Maui Business Brainstormers for workshops. The next one will be on WiFi Day.

6. Tech Parks update

A. Hilo Innovation and Manufacturing Center – Wayne Inouye provided the update on the Hilo IMC. Wayne received a proposal from Hawaii Community College for the IMC facility to be built on their land in Panea. It is was a feed mill for Agriculture, but is no longer being utilized. The site is remote and the Department of Land and Industrial Relations has concerns. UH Hilo advised Wayne that they are not interested in having the facility on their property because their property is ceded land and will be hard to achieve a sustainable model. Wayne Inouye reported that he is currently working with Colliers to look at some business warehouses in downtown Hilo as a third option to see

what else is available and he has set a goal of August when decisions will be made. He is also working with Representative Nakashima to assist with the community concerns. He has called the County for assistance as HTDC is working on this project for people and businesses in Hilo and wants to ensure the facility is suitable for everyone. FTZ is not completely out of the questions, but on hold since it is in a tsunami zone and ceded land.

B. First Responder Tech Park – Len Higashi provided that there is no update. The funding has not been released. We will reach out for assistance.

7. HTDC Staff Program Updates

A. Personnel Changes – Len Higashi provided personnel updates.

a. Cindy Matsuki leaving HTDC, Stan Osserman retiring, Shuk Han Chan starting as HCATT project manager.

1. Stan Osserman is retiring at the end of July. His retirement is long overdue as he has been committed to ensuring the program is on its feet before leaving. Dave Molinaro will be Acting Manager when Stan leaves. Stan has ensured funding for the program, leaving HCATT is a good situation.

2. Cindy Matsuki recently left us and has taken a position at FTZ. This is a great opportunity for her to help FTZ and is also a civil service position. Cindy will definitely be hard to replace as she was not only responsible for our events, but our partnerships as well.

B. HCATT – Stan Osserman updated the Board. HCATT built and finished their hydrogen tow vehicle for aircraft a year ago and was able to run it today and it was very successful. This is a technology the Air Force will appreciate. HCATT also received \$8.3 million to start a microgrid.

HCATT will be bringing in a new hire who they met at the Annual Merit Review. She was an intern at the Department of Energy, has her Ph.D and background in fuel cells and grant writing. She will be replacing Rachel James. Dave Molinaro will be going to Washington, DC and meeting with the Department of Defense and Energy to discuss hydrogen.

C. INNOVATE Hawaii – Wayne Inouye provided update. Innovate Hawaii provides wrap around services to grow manufacturers and help them become economically stable. IH has partnerships that connect other organizations with companies. As an example, HNu Photonics on Maui has set up a Cooperative Research and Development Agreement with the Army to test their confocal microscope. They will be receiving additional funding for their Phase 2 SBIR from the Army and this was due to our program connecting them with NIST

MEP. The program does Technology Driven Market assessments which is taking technology and funding into other markets that the technology can be used for.

D. Other HTDC Programs – Len Higashi reported that companies funded under HSDC who are looking for continuation, will have to wait till HTDC has a chance to go back into HSDC’s files. Karl Fooks has his files with DBEDT and HTDC will need time to get up to speed of HSDC process. Currently, HTDC does not have staff dedicated to work on that. Karl has done a good job transitioning. Karl advised to continue funding the CAN program which provided funding to the Hackathons and investor conferences which is something that was partnered with HTDC in the past.

8. Action: Appointment of additional members to Permitted Interaction Group to Recruit and Recommend HTDC Executive Director Position

a. The PIG members originally were Mary Alice Evans, Linda Rosehill, Craig Nakanishi, Race Randle and Derek Lau. However, Race Randle’s and Derek Lau’s terms have expired and Craig Nakanishi is currently waiting to be appointed from the HSDC board to the HTDC board. Per the Attorney General’s office, members no longer on the board cannot serve on the PIG committee.

Motion was made by Mike McCartney to nominate Mary Alice Evans, Linda Rosehill and Elijah Yip to the new committee, and seconded by Creighton Arita. None opposed. Unanimously passed (6-0)

9. HTDC Funding Permitted Interaction Group - Martin Zorn reported that there was no activity based on funding last year and recommended dissolving the PIG.

Vice Chair Elijah Yip commented that there is no need to dissolve and to just let it be as is.

10. Discussion and Action Relating to the HTDC Budget – Len Higashi commented that HTDC is trying to fill the vacant Board positions so quorum can be attained without members attending every meeting. Hopefully, UH will be designating a representative and Craig Nakanishi will be reappointed soon. Staff is working on this.

Elijah Yip questioned where Sandbox income will be captured on the financial statement. Ray Gomez replied that it would be under Collier’s since HTDC contracted with Colliers to track that activity. Elijah Yip also asked where HSDC expenses will be on the financial

statements. Ray Gomez will standardize the balance sheet. The money is invested and returns will be moved to revolving funds.

Creighton Arita commented that the Apaman investment should be a push to steward the money the right way because it has potential to become much more. It is a global partnership and HTDC has the opportunity to change the narrative.

11. HTDC Reports

A. Chair's Report - None

B. Executive Director's Report-

- a. HTDC Financial Report – Ray Gomez reported that Sandbox income is a new line item.
- b. DCCA – Division of Financial Institutions would like to partner with HTDC on a pilot program to establish a regulatory sandbox for businesses dealing with virtual currency.
 - i. Len Higashi reported that DFI would work with HTDC and HTDC would accept applicants for a voluntary pilot regulatory Sandbox. HTDC would create a form to see if companies are a good fit. However, there are risks, but also a good chance to work with another state agency and allow new technology businesses to come into the state. One of the risks with enabling the use of virtual currency is knowing that it is used for various purposes including illegal purposes, this could bring negative attention toward HTDC. There are also concerns of HTDC's authorizing statutes. The board members believe this is a great idea because it will be a policy development center and create synergy that wasn't there before. Opportunity for the state and private sector to work together, bridge the gap and change people's mind of what is possible; and add to the culture of innovation. Question arose on risk factor. Crypto currency and Bitcoin has risks. Entrepreneurs Sandbox is a physical building versus Regulatory Sandbox and roles and responsibility concerns of HTDC and DCCA. Mike McCartney stated that the Policy Development Center knows the practice and a Memorandum of Understanding would define roles. This is a good partnership and would create tech jobs as well as build bridges between the State and others. HTDC would be the bridge to the innovation sector.



C. Department of Business, Economic Development & Tourism (DBEDT) Report - None

D. Natural Energy Laboratory of Hawaii Authority (NELHA) Report – Linda Rosehill reported that there will be a meeting on Tuesday for tenants asking for more space. The HATCH accelerator, grand opening will be on July 31st and the hydrogen station is waiting for their fire alarm. Once they receive it will be up and running.

E. University of Hawaii (UH) Report - None

12. Next HTDC Board Meeting: September 5, 2019

13. Adjournment

Motion to Adjourn made by Linda Rosehill and seconded by Mike McCartney.

None opposed, unanimously passed (6-0). The meeting adjourned at 4:39 pm.

**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 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.