

FINAL

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

Date: **Thursday, November 7, 2019**
Time: 3:00 p.m. – 5:00p.m,
*Location: Manoa Innovation Center
2nd floor Board Room
2800 Woodlawn Drive
Honolulu, HI 96822

288 Kilauea Ave.
Hilo, Hawaii
(Committee member: Bella Hughes)

PRESENT

Martin Zorn, Chair
Elijah Yip, 1st Vice Chair
Mary Alice Evans, DBEDT
Creighton Arita
Mark Anderson
Vassilis Syrmos
Bella Hughes

EXCUSED:

Linda Rosehill
Craig Nakanishi

STAFF PRESENT

Len Higashi, HTDC Acting Director
Wayne Inouye, INNOVATE Hawaii
Ray Gomez, HTDC Staff
Sophia Lam, INNOVATE Hawaii
Sandy Park, HTDC Staff

COUNSEL:

Jodi Yi, Deputy Attorney General

GUESTS:

Iris Ikeda, DCCA
James Page, DCCA

1. Call to Order
The meeting was called to order by Chair Martin Zorn at 3:11 p.m.
2. Approval of Minutes – September 5, 2019 HTDC Board meeting

Motion made by Mike McCartney to approve the minutes of September 5, 2019 and seconded by Creighton Arita. None opposed. Unanimously passed (6-0)

3. Discussion on partnership with DCCA (Dept. of Customer and Consumer Affairs) to establish a joint fintech pilot program. Presentation by DCCA Division of Financial Institutions Commissioner.

Len Higashi introduced the Commissioner Iris Ikeda and James Paige of DCCA's Division of Financial Institutions to present on establishing of a joint Fintech program. The DFI is responsible for ensuring compliance of financial institutions. Virtual currency is becoming evident in Hawaii. A bill to regulate virtual currency was introduced to the Legislature 5 years ago through an administrative bill. The bill has not passed, which has brought DCCA to partner with HTDC on the initiative to create a "regulatory sandbox" for virtual currency companies to start doing business and for the State to gather more data. Facebook, Amazon and Square have approached DCCA. HTDC will certify companies entering the "Sandbox" with state business licenses, taxes and working with DCCA. Part of the initiative is to change the way the public views virtual currency companies.

Creighton Arita commented that this is exciting and a great partnership. Mark Anderson also commented that smaller companies may have a difficult time meeting the capital requirement. Len Higashi stated that HTDC will be creating the application and taking it in and providing it to DCCA who will then screen the company for fit and HTDC will approve and authorize.

Mike McCartney stated that this changes the way Hawaii is viewed as a hard place to do business. However, with guard rails in place this should provide support to provide some consumer protection. He also asked that there be updates on this project at future board meetings.

Using online tools, Len Higashi replied that this is very exciting and promising and anticipates receiving applications. It will be beneficial to showcase the program and market its benefits.

A. Discussion and approval to grant authority to the Executive Director to 1) enter into a Memorandum of Understanding with DCCA; 2) to establish the program, and 3) approve applications as recommended by the DCCA

Motion made to grant authority to the Executive Director to 1) enter into a Memorandum of Understanding with DCCA; 2) to establish the program, and 3) approve applications as recommended by the DCCA.

Creighton Arita moved and Mike McCartney seconded. None opposed. Unanimously passed (6-0)

4. Federal Projects Committee Report
 - A. Review SBIR Budget HSBIR Phase 1 – Elijah Yip reported that the committee reviewed 10 applicants for the Hawaii SBIR Phase 1 matching grant. The total request was \$639,000.00. First time applicants were given priority and the committee funded all 10 applicants distributing the total Fiscal Year 2020 budget of \$520,000.00 in this round.
 - B. Summary of SBIR applications and awards. Board vote to approve funding recommendations.

HSBIR Phase 1

<u>Applications for Ph 1</u>	<u>Recommended by</u>
<u>FY 2020</u>	<u>Committee</u>
Minnowtech LLC	\$ 75,000.00
Intelinair	\$ 75,000.00
Guide Star Engineering	\$ 52,532.30
Hi Ulu Producers Corp.	\$ 49,280.00
Nalu Scientific	\$ 49,069.80
Makai Ocean Engineering	\$ 45,018.72
Oceanit	\$ 44,482.00
Kampachi Farms	\$ 43,798.86
Neurobehavioral Research	\$ 42,935.63
Navatek	<u>\$ 42,882.30</u>
Total	\$520,000.00

Motion was made to approve the recommendations by the Federal Committee to award the 10 applicants. Creighton Arita approved the motion and Mike McCartney seconded. None opposed. Unanimously passed (6-0).

5. Innovation Centers update
 - A. Sandbox – EDA wrap-up

Len Higashi reported that the final payment from EDA was received. The check is currently in the general treasury and HTDC can now make final payment on the Sandbox. Len Higashi thanked everyone for their support.

 - a. Grand Opening, Other notable events – AIA award, Elemental Excelerator, Purple Maia, Hi Tech Story, Creative Mornings, Creative Lab, Hawaii Printmakers, HIFF VR Demo

Len Higashi thanked all who attended the grand opening of the Sandbox. A few weeks later, all the co-working, dedicated space, and offices were rented. Ferraro Choi



received an Architecture AIA award for the Sandbox interior design. The Sandbox has had continuous events. Elemental Excelerator used entire Sandbox for their event recently. Other events held at the Sandbox include the Purple Mai'a Demo Day, Speaker Series: High Tech Stories, Creative Mornings, Creative Labs, Print Labs and the upcoming Hawaii International Film Festival VR event.

- b. Apaman Investment Agreement modification – Apaman is working with Len Higashi on modifying their agreement as other companies are taking up space, including Pacxa and Hawaiian Airlines. Tenant payments are being held for Apaman. Apaman investment are being used for operational costs.
 - c. TRUE Initiative, Signed Tenants, Events – KPMG, Amazon Connect – Len Higashi reported that the TRUE Initiative held an event. Amazon Connect was a 2-day AI bootcamp. The Initiative sponsored 20-30 companies. Activities like this are what we want to see and it attracts the type of people that fit into the Sandbox community.
- B. Maui Research and Technology Center (MRTC) – A new tenant was recently brought in. The company is an SBIR company and is the target we are hoping to attract. The company attended a workshop at the MRTC put on by the Maui Brainstormers group, who we have a working relationship with.
6. Tech Parks update
- A. First Responders Tech Campus – The Tech Park Coordinator position and the release of funding is still pending.
 - Fallen Tree Cleanup – It was reported that there is a fallen tree on the property. DAGS was contacted to remove it but they were not able to. The task was put out to bid. The removal is important as the tree is an issue with the community in the surrounding area.
 - B. Hilo Innovation and Manufacturing Center – Wayne Inouye reported that there is a lot of interest in the project in Hilo. Interested parties include King's Bakery, who wants to work with manufacturers and give back to the community in Hilo. Derek Kurisu also wants to partner with the food industry. Senator Schatz is assisting with looking for a federal warehouse that may have capacity. Meetings were also held with Jennifer Sabas and Rep. Nakashima.

7. HTDC Staff Program Updates

- A. Personnel Changes
 - a. Recruitment - Len Higashi reported that we received resumes and are actively working on filling the Economic Development Specialist position. He also

announced the retirement of Sandy Park at the end of the year. He thanked her for her support and help with Board meetings, besides doing main duties.

B. INNOVATE Hawaii

a. Manufacturing Day was recently celebrated. INNOVATE Hawaii held a Bus Tour to 4 manufacturers: Manoa Chocolate, Crazy Shirts, Beer Lab and Coastal Windows. This provided a great opportunity to showcase the manufacturing industry and some of the Manufacturing grant awardees to legislators. It showed how these companies benefit from the grant awards.

b. INNOVATE Hawaii has won another FAST grant of \$125,000 to help with commercialization and grooming the next set of companies in the Hawaii SBIR program. A recently held event on Federal Funding is an example of the support that it provides the community.

C. HCATT – Dave Molinaro and Han Suk are on travel to a fuel cell conference. Len Higashi sat in on the design review of the Pearl Project and reported that it went well.

D. Other HTDC Programs – No Update

8. Permitted Interaction Group Updated discussion regarding HTDC Executive Director Position**

Martin Zorn reported that 12-14 applications were received. The committee met in late September to review the applications and narrowed it down to 5 second round contenders. Early October the committee reviewed the 5 and narrowed it down further to 2 candidates. The full board will interview those candidates with a special meeting to be held on November 18th from 2-4pm in the DBEDT conference room.

9. HTDC Funding Permitted Interaction Group - No updates**

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

Len Higashi reported that at the last meeting members requested to reformat and present clearer detail for clarification on sources of funds and expense of those funds. Controller Ray Gomez presented the new format and explained each line item, which offered more clarity.

11. HTDC Reports

A. Chair's Report – Martin Zorn thanked Sandy for her years of service.

B. Executive Director's Report – Len Higashi provided updates.

- A big thank you to staff for working hard on filling gaps with limited staffing.
- a. HTDC Financial Report
 - i. Review of budget for the current year – Ray Gomez went over the new format.
- b. Move to Foreign Trade Zone - HTDC is ready to sign lease for office space at the Foreign Trade Zone. Staff is downsizing and working within the budget. Moving process has started as we will be moving out of the Manoa Innovation Center before the end of the year.
- c. Sandbox Parking - Currently working on the Sandbox parking issue with Hawaii Community Development Authority to have additional parking accommodations.
- d. RFP for accelerators - The RFP for the accelerator programs has been opened and applications will be in shortly.
- e. Events, Techforce Conference, Undersecretary Iancu, Future Focus, HACC, UH Breakthrough Innovation Challenge, 2019 Federal Funding Opportunities, Holiday Tech Fair –
 - HTDC held a Federal Funding Opportunities workshop this week and it was successful.
 - Upcoming event is the Holiday Tech and Manufacturing job fair in late December.
 - HTDC is working closely with the University of Hawaii and Vassilis Syrmos on how to partner on changes coming out of the University.

C. Department of Business, Economic Development & Tourism (DBEDT) Report
- No updates

- D. Natural Energy Laboratory of Hawaii Authority (NELHA) Report
a. HATCH - No updates

- E. University of Hawaii (UH) Report – No updates

12. EXECUTIVE SESSION

- A. Executive Session pursuant to HRS § 92-5(a)(4), to conduct discussions and deliberations and to consult with the Board’s attorney on questions and issues pertaining to the board’s powers, duties, privileges, immunities, and liabilities with respect to recent relevant legal opinions regarding the operation and functioning of boards and commissions.

Motion to enter into Executive Session was made by Mike McCartney and seconded by Creighton Arita. None opposed. Unanimously passed (6-0).

Execution Session ended at 5:30 pm.

12. Next HTDC Board Meeting: January 2 or 3, 2020

13. Adjournment –

Motion to adjourn was made by Mike McCartney and seconded by Creighton Arita. None opposed. Unanimously passed (6-0). The meeting adjourned at 5:30 p.m.

Reviewed by Len Higashi, Acting Executive Director
Respectfully submitted by Sandy Park, HTDC Staff

**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.



Hawaii Technology Development Corporation
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*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.

