



The meeting of the Board of Directors (Board) for the Hawaii Technology Development Corporation (HTDC) was held in-person on May 24, 2022, at the Entrepreneurs Sandbox – Large Classroom, located at 643 Ilalo Street, Honolulu, HI 96813.

Members Present, In-Person:

Craig Nakanishi, Chairperson (Chair)
Edward Barnabas, Member-At-Large (Mr. Barnabas)
Sandra Fujiyama, Member-At-Large (Ms. Fujiyama)
Bernice Glenn Member-At-Large (Ms. Glenn)
Gregory Kim, Member-At-Large (Mr. Kim)
Vincent Kimura, Member-At-Large (Mr. Kimura)
Mike McCartney, Department of Business, Economic Development and Tourism (DBEDT), Ex-Officio Member (Mr. McCartney)
Vassilis Syrmos, University of Hawaii (UH), Ex-Officio Member (Mr. Syrmos)
Rick Volner Jr., Member-At-Large (Mr. Volner Jr.)

Counsel Present, In-Person:

Elise Amemiya, Deputy Attorney General (Ms. Amemiya)

Staff Present, In-Person:

Len Higashi, Acting Executive Director (Mr. Higashi)
Ray Gomez, Controller (Mr. Gomez)
Wayne Inouye, MEP Center Director (Mr. Inouye)
Stephanie Yuu-Sato, Fiscal and Contracts Specialist (Ms. Yuu-Sato)

1. Call To Order

Chair called the meeting to order at 3:08 p.m.

2. Roll Call

Mr. Higashi conducted a roll call of the Board.



Roll call: Chair, Mr. Barnabas, Ms. Fujiyama, Ms. Glenn, Mr. Kim, Mr. Kimura, Mr. Syrmos, Mr. Volner Jr. Acknowledged attendance. Notated Mr. McCartney arrived shortly after Roll Call.

3. Approval of May 5, 2022 Minutes

Mr. Higashi notified the Board of an amendment to the Board minutes: Page 6, end date of Digital Currency Innovation Lab (DCIL) has been changed from December 31, 2021 to December 30, 2022 as well as non-substantive changes.

Motion to approve the Amended Minutes from the May 5, 2022 Board Meeting.

Motion to approve made by Mr. Kimura / Second: Ms. Glenn

Chair called for the vote: The motion was unanimously approved:

Vote: Approved, 9-0

4. HTDC Bylaws

Mr. Higashi pointed out that the Bylaws were last updated in 2007 and included outdated information such as the name being listed as High Technology Development Corporation, previous address and quorum listed as six (6) members. Recommendation from the Attorney General is to form a committee to review and recommend new Bylaws at the next board meeting.

Chair recommended putting Permitted Interaction Group (PIG) together.

Chair motion to approve to form a Permitted Interaction Group:

Motion to approve made by: Mr. Kimura / Second: Mr. Volner Jr.

Ms. Amemiya clarifies that putting together a PIG would allow the PIG to hold informal sessions to present the Board for final approval. Further explains that a PIG consists of less than a quorum and can meet and discuss assignment without formalities but may not take any action.

Mr. Syrmos advised that he dislikes PIG as it bypasses the Sunshine law and while it is convenient it is mainly used for significant issued for public board. Mentions that HTDC's mission is very focused so are its Bylaws but is missing structural items such as committees, and how you run a Board.

Mr. Kim inquires if one board member be assigned the task of preparing the revisions and if Board members can send them their revisions.

Ms. Amemiya advises that Board members are not allowed to discuss among themselves but can be sent to staff. Board can email recommendations to Mr. Higashi who then can revise/update the Bylaws then send that update to Mr. Kim.

Mr. Higashi explains that current Bylaws do not have standing committees but there are notes relating to Bylaw discussion describing the Federal Project Committee and the Finance Committee.

Mr. Kimura withdrew his motion to form a Permitted Interaction Group.

5. Digital Currency Innovation Lab

Mr. Higashi provided an update on the Digital Currency Innovation Lab (DCIL). HTDC partnered with Department of Commerce and Consumer Affairs (DCCA) and the Division of Financial Institutions (DFI) and entered into a two-year agreement to pilot the DCIL Program. The program allows crypto or digital currency companies to opt into and conduct activities here in the State for a modest fee. The program is due to expire December 30, 2022 but the Legislature passed House Resolution HR 115, H.D. 2 requesting DFI and HTDC to continue the DCIL Program. Contained in the Board Packet is a copy of a Memorandum of Agreement (MOA) between DCCA and HTDC to continue this work.

Chair asks if there are any financial exposures to HTDC and requests to provide an overview for the members on the program that were not present in prior meetings.

Mr. Higashi explains that there is no direct financial exposure. Regulation is handled by DFI. Companies that participate in program must have banners on website stating investing in cryptocurrency is a risky proposition. For companies to conduct business in Hawaii they are subject to the Money Transmitter Law – requiring them to hold cash equivalent for each transaction. The DCIL Program allows participating companies to



conduct business in Hawaii without holding cash equivalents. To participate in the program companies must meet some basic regulatory requirements.

Mr. Kimura inquires HTDC costs for the program.

Mr. Higashi explains that regulatory costs are covered by DCCA/DCI and economic development activity costs are covered by HTDC. The first two years HTDC received \$20,000.00 of program fees to cover marketing expenses, but not staff time.

Ms. Glenn requests the MOA page 2 paragraphs 2 and 3 be clarified to specifically state that DCCA's responsibility is regulation and supervising companies while HTDC's responsibilities are to promote.

Chair motion to delegate authority to Mr. Higashi to execute MOA subject to Attorney General approval.

Motion to approve made by: Mr. Kim / Second: Ms. Glenn

Chair called for the vote: The vote was unanimously approved

6. Hawaii Small Business Capital Program (HI-CAP) Updates

Mr. Higashi advised that HTDC was one of five states to receive approval to move forward with the HI-CAP Program on May 18th. We have 90 days to get the program running and till June 30th to submit the technical assistance plan. Responsible for investing 6-8 million dollars into the investment funds.

Preliminary request for information (RFI) and communicating with approximately a dozen potential investment funds seeking to apply for this position. For the official awards we will issue a Request for Proposal (RFP). HTDC staff will perform a preliminary screen for completeness and pass to financial advisor, Guild Consulting LLC. Advisor to screen for investment suitability then pass to evaluation committee comprised of 4 to 5 Department of Business, Economic Development and Tourism (DBEDT) division attached agency heads. HTDC representative on the evaluation committee will be HI-CAP Program manager and the contracts manager and the committee will make the recommendation on the funds to move forward.

Evaluation Committee – subject matter experts will be looking at two agendas, economic development and return on investment.

Requests to partner with UH.



Mr. Kim request a list of metrics or measurables.

Mr. Higashi briefed on the Technical Assistance capital. Forming a partnership with Minority Business Development Administration (MBDA), Small Business Development Centers (SBDC) and City & County Office of Economic Revitalization (C&C OER) to execute and not duplicate.

Mr. Higashi advises that HTDC has contractors and staff and are working on hiring a fund manager.

7. HTDC Reports

A. Chair's Report

No Report.

B. Executive Director's Report

i. First Responders Tech Campus

Mr. Higashi has reported that everything is on schedule for the planning and permitting process. As mentioned in the previous meeting the Legislature appropriated funds to HIEMA, Senator Dela Cruz has scheduled a meeting to discuss reallocated to HTDC towards the FRTC.

ii. Hawaii Small Business Capital Program (HI-CAP)

No Updates.

iii. Hawaii Center for Advanced Transportation Technology (HCATT)

Working with Hawaii Air National Guard to extend contract currently in the approval process to continue the program.

iv. INNOVATE Hawaii

No Update.



v. Sandbox

No Update.

vi. Hilo IMC

Mr. Inouye briefed that they are in discussion with Rep. Nakashima to utilize the Foreign Trade Zone warehouse facility.

vii. Budget

Mr. Gomez updated the Board that aside from the from the normal appropriations we were awarded 5 million dollars which include 1.5 million for the Accelerator Program, 1.5 for the Small Business Innovation Research (SBIR) Phase 2 Grant, 1 million for the Manufacturing Assistance Program (MAP) Program and 1 million for the Hawaii Office of Naval Research (HONR) Program.

C. Department of Business, Economic Development & Tourism (DBEDT) Report

Mr. McCartney briefed that Deputy Director Chung Chang has departed for a position as Committee Clerk with the Senate Ways and Means Committee.

D. University of Hawaii (IH) Report

No report.

8. Executive Director for HTDC

A. Hiring a Permanent Executive Director for HTDC

Mr. McCartney recommends since Mr. Kim will be working on Bylaws that Board defers.

Chair recommends working on a Strategic Plan, create a meeting before the next Board meeting on June 15th with a facilitator.



Mr. Higashi to send out a meeting notice, once quorum is reached a facilitator will be hired to put together agenda.

9. Board Positions for HTDC

Mr. McCartney suggests that Chair Nakanishi continue being temporary chair until one is elected.

Chair called for the vote: no objections.

Motion to defer made by: Chair / no objections

10. Legislative Updates

Mr. Higashi briefed that there is a correction to the previous meeting update. \$1.5 Million for Small Business Innovation Research (SBIR), \$1.5 million for accelerator, \$1 million for Manufacturing Assistance Program (MAP) and requested \$1 million for Hawaii Office of Naval Research (HONR).

Adjournment

Chair called for a motion to adjourn.

Motion to adjourn made by Mr. Kimura / Second by Mr. Kim

Meeting adjourned at 5:18 P.M.



Posted on 06/20/22 @ 2:00 p.m.

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