



The meeting of the Board of Directors (Board) for the Hawaii Technology Development Corporation (HTDC) was held in person on June 15, 2022, at the Foreign Trade Zone – Homer Maxey Conference Center, located at 521 Ala Moana Blvd., 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)  
Gregory Kim, Member-At-Large (Mr. Kim)  
Vincent Kimura, Member-At-Large (Mr. Kimura)  
Mike McCarney, 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)  
Dave Molinaro, Acting HCATT Manager (Mr. Molinaro)  
Olivia Sou, HTDC Special Assistant (Ms. Sou)

### **Guest(s) Present, In-Person**

Pono Chong, Pono Consulting LLC (Mr. Chong)  
Vijoy Chattergy, Guild Consulting (Mr. Chattergy)  
Kelton Rippetoe, Attorney General Summer Intern (Mr. Rippetoe)

## **1. Call to Order**

Chair called the meeting to order at 3:04 p.m.



## 2. Roll Call

Mr. Higashi conducted a roll call of the Board

Roll call: Chair, Ms. Fujiyama, Mr. Kim, Mr. Kimura, Mr. Syrmos, Mr. Volner Jr.

acknowledged attendance. Notated Mr. Barnabas arrived at 3:10 p.m. and Mr. McCartney arrived at 4:22 p.m.

## 3. Approval of May 24, 2022 Minutes

Chair motioned to approve the May 24, 2022 Minutes

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

Vote: Approved, 8-0

## 4. Hawai'i Small Business Capital Program (HI-CAP) Invest Program

Mr. Higashi provided a review of the Hawaii Small Business Capital Program (HI-CAP). The program is also referred to as the American Rescue Plan Act - State Small Business Credit Initiative or SSBCI 2.0. The presentation from the [May 5, 2022 board packet \(page 56-66\)](#) was reviewed.

HTDC is the lead agency and the administering agency for the HI-CAP Investment Program. Hawaii Green Infrastructure Agency (HGIA), a DBEDT attached agency will be administering the HI-CAP Loan Program and the HI-CAP Collateral Program.

Important timeline: the application was approved on May 19, 2022. HTDC has three years to deploy and execute the first tranche to access the second tranche. The program ends September 30, 2030 and all reports will be due December 30, 2030. HTDC has received the first tranche of funding totaling \$19.8 million. The next tranche is anticipated to cover 2024-2026 timeline and the third 2027-2030.

For the HI-CAP Investment program HTDC will deploy approximately \$10 million in the first tranche, \$6 million in the second tranche and \$4 million in the third tranche. The total of the 3 tranches will be approximately \$20 million which one-third of the total allocation for Hawai'i.

Mr. Kimura inquires if the Board has oversight on the HI-CAP Loan and Collateral programs.

Mr. Higashi clarifies that HGIA is responsible for making HI-CAP Loan and Collateral program implementation decisions and HTDC is responsible for policies that covers all HI-CAP programs. HTDC has a contract with HGIA to implement the programs in compliance with all SSBCI guidelines and provide to HTDC all documents required to report to the Treasury.

Chair inquires if the Board will be seeing a presentation on the loan program and if they will need to approve the budget for the August 10<sup>th</sup> dispersal.

Mr. Higashi explains that the funds will be administered by HGIA through their loan and process through the existing contract.

Mr. Kim inquires if that is a contractual relationship and if the Board has control over the contract, who drafts the contract and who approves the contract. Requests to see current contract to review and make possible amendments if needed.

Mr. Higashi explains that HTDC initiated the contract and HGIA reviewed the contract through the Attorney General office. The contract was delegated approval to sign by the Board in previous meetings.

Ms. Amemiya clarifies that there was an existing Memorandum of Understanding that was prepared before the Board was formed and that it was reviewed by the Attorney General's office.

Mr. Syrmos comments that the Board should not be evaluating or performing contract management and that it should be negotiated by the administration and only approved by the Board.

Chair confirms that the Board is available for policy and guidance.

Mr. Higashi advises that he is requesting approval for the HI-CAP Invest Investment Strategy and Allocation document included in [pages 3 and 4 of the June 15, 2022 board packet](#). The HI-CAP Investment strategy is to strengthen the innovation eco-system by adding funds that align with the current priorities of DBEDT, UH and the community.

Mr. Higashi introduces Mr. Chattergy from Guild Consulting who is contracted to advise on investment worthiness of investment funds considered for the program. Mr. Chattergy

briefly describes his qualifications and the other partners on the Guild team (Iqbal Ashraf and Chris Schelling not present at meeting). Mr. Chattergy describes the review and approval process which has a final step of coming to the board for approval.

Mr. Higashi introduced Mr. Chong from Pono Consulting who has been contracted to assist with setting up the program.

Chair confirms that the request for approval is for the overall program strategy spanning over eight years and including approximately 20 million dollars of disbursement of funds. The first tranche of the program has been received and is approximately 6 to 10 million dollars. The Board will be provided recommendations from the review committee on the economic development and investment worthiness for each investment fund that is recommended to the board for approval. There will also be a presentation from the fund manager so that the Board has the chance to review and provide approval on each individual fund.

Mr. Syrmos requests coordination with the State Ethics office to provide an overview of the Conflicts of Interest beyond the Insider Trading and what can and cannot be done. Chair motions to approve the HI-CAP Investment Strategy and Allocation document

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

Vote: Approved, 8-0

## **5. HTDC Fiscal Year 2022-2023 Budget**

Mr. Higashi introduced Mr. Gomez to brief on the budget worksheets included in the board packet. The worksheets include the State budget comparison for upcoming and current years and the Federal funds HTDC administers. The state fiscal year begins July 1<sup>st</sup> so HTDC requires approval prior to.

Mr. Gomez briefed that the Legislature sets the budget for the State via ACT 88 appropriating \$1,258,111 for fiscal year 2022 (FY22) and \$1,234,902 for fiscal year 2023 (FY23). The budget is expected to be amended once HB1600 is signed into law to increase the budget by \$5 million and another \$17.8 million in capital improvement funds. The additional \$5 million is allocated for \$1.5 million for the Hawaii Small Business Innovation Research Phase II Program (HSBIR), \$1 million for the Manufacturing Assistance Program

(MAP), \$1.5 million for the Accelerator Program, and \$1 million for the Hawaii Office of Naval Research Program (HONR). The \$17.8 million in Capital Improvement Project (CIP) Funds for land acquisition for the First Responders Tech Campus Project (FRTC).

Mr. Higashi reiterated that the additional appropriation received for HSBIR Phase II matching grant funds is pass through for HTDC. Basically, the entire appropriated amount is awarded to companies. The same applies for the MAP funds. The Accelerator funds are used to contract local accelerators to help subsidize their operations. The funding is different from the HI-CAP funds as this is for specific for operational use.

Mr. Gomez explains that the HONR is also a matching grant fund through the vetting of the Federal government.

Mr. Higashi explains if a company receives funding from HONR for renewable energy projects then they are eligible for matching grants from HTDC up to 50% or up to \$500,000.

Mr. Syrmos questions who makes the determination if this is renewable energy due to the vast amounts of codes within Office of Naval Research (ONR), what is the process of choosing the company, who is awarded and how do you advertise. Requests clarification on the language within the appropriation if it is for non-profit, for profit or higher education.

Mr. Kimura requests clarification that grants are constrained to Hawaii companies.

Mr. Higashi clarifies that companies are selected by a Federal Projects Committee then brought to the Board. The Accelerator awards are selected through the Request for Proposal (RFP) process. The Office of Naval Research was previously contacted to obtain a list of all companies in Hawaii to increase participation but the HONR program was discontinued. Furthermore, Mr. Higashi clarifies that [HTDC Administrative Rules](#) provide definitions to determine eligibility. Mr. Higashi clarifies that to make grant awards HTDC requires defining language be included within a bill that becomes the statute. For example, see HRS 206M-15 which defines who HTDC may award SBIR grants to.

Mr. McCartney recommends moving forward it is understood that there is open competition.

Chair recommends that Board member think if they want to be on the Federal Projects Committee and recommends Mr. Higashi to discuss other three items on the budget.

Mr. Higashi describes the MAP grants award process is an internal evaluation, checking to see if companies are eligible then presented to the Board for approval.

Mr. Inouye clarifies that it is a reimbursement grant up to 20% reimbursement. There is a committee made of economic development representatives from DBEDT and HTDC to review applications. The application is based on four items, equipment, expansion for manufacturing facility, renewable energy and training all defined in the Administrative Rules for reimbursement. Companies are ranked for their economic development to the State, then presented to the Federal Projects Committee then presented to the Board. Looking to receive Board approval on the process so that applications can begin in August 2022.

Mr. Syrmos questions if the companies are part of the MEP Program.

Mr. Inouye responds that they do not need to be but are encouraged through the Federal Program HTDC-INNOVATE Hawaii provides “wrap-around service” help to understand what type of equipment is the best fit for their expansion, or what type of renewable products are best for renewable energy.

Mr. Higashi further explains that they do not have to be a client but once they receive an award, they do receive a survey and become a client.

Mr. Inouye describes that the ONR is the same process as the SBIR and MAP where the staff review the applications and present to the Board.

Chair requests clarification on the RFP process for the Accelerator grants.

Mr. Higashi explains that the selection criteria is written into the RFP. It is a 100 point system based on jobs, revenue, track records, chance of success.

Chair motions to approve the FY23 budget

Motion to approve made by: Mr. Kimura / Second by: Mr. Kim

Vote: Approved 8-0

Chair briefed the Board that connected to the finances are two standing committees, the Finance Standing Committee that will work with Mr. Higashi and Mr. Gomez on watching the budget and reports and preparing the budget for the following year. The Federal

Projects Committee which will oversee the disbursement of the grants. The grants are time sensitive so will require a commitment to attend the meetings. At the next board meeting, we will have a presentation on the background on the Committees and we will get started on the process of requesting volunteers for the committee selection.

## **6. HTDC Reports**

### **A. Chair's Report**

No report

### **B. Executive Director Report**

Mr. Molinaro provides an update that Hawaii Center for Advanced Transportation Technologies (HCATT) will receive \$5 million from the Air Force to complete the microgrid project. HCATT should also be receiving \$3 million from the National Guard Bureau in the following weeks.

#### **1. First Responders Tech Campus**

Mr. Higashi briefed on his meeting with Senator Dela Cruz and the Ways and Means staff, Hawaii Emergency Management Agency (HIEMA), Hawaii Department of Defense (DOD) and Hawaii Community Development Authority (HCDA). The Senator communicated that there are funds appropriated through HIEMA to start construction. HIEMA will be passing the funds over to HTDC to start the project.

#### **2. Digital Currency Innovation Lab**

Mr. Higashi briefed that during the last board meeting we received approval to move forward and as of today 11 of the 15 companies have renewed. One has decided to opt out and awaiting response from the remaining. We anticipate additional companies to apply around September.

#### **3. INNOVATE Hawaii**

Mr. Inouye briefed that on the last board meeting it was mentioned that we were receiving an additional \$100,000 to the Federal base budget next year but it has

been clarified that it is being received this year effective April 1, 2022 bringing the annual Federal award to \$809,000 with 4 staff.

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

Mr. McCartney briefed that we are in bill review with the Governor's office and all departments. Governor is doing his policy and legal due diligence on all the legislation. June 27<sup>th</sup> the Governor has to notify the Legislator which bills he will veto and within 10 days we can issue a veto message and the Legislation can issue a special session.

### **D. University of Hawaii (UH) Report**

Mr. Syrmos thanks the Legislature and the Governor for the generous funds appropriated to UH. As of today UH is at \$490 million they just need another 10 million in the next two weeks to reach \$500 million for the first time ever.

## **7. Old Business**

### **A. Continue discussion and/or action related to the bylaws**

Mr. Kim briefed that he reviewed the Bylaws and the Statutes and observed there are many bylaws that are not used. HTDC's purpose is commercial technology development in Hawaii. The governing body of HTDC is the Board and they are responsible to delegate. The Board can appoint advisory committees, exercise powers of authority but does not advise it. Mr. Kim had some questions regarding the terms of the Board Members and who decides as it is not found in the Bylaws. Possible changes to the Bylaws include meeting the first Thursday of each month, quorum of six to be changed to quorum of five, requires a vote of six, all of staffing hired concurrence of the Board, Board can authorize HTDC Director to sign contracts.

Mr. Higashi states the Attorney General's (AG) main concern in establishing new bylaws was the inaccurate quorum, according to the old Bylaws it is six but with the current 9 member board, quorum is five.

Chair recommends Mr. Higashi to send out the Bylaws to the Board with a return deadline so that Mr. Kim can work on them for the next meeting.

### **B. Strategic Plan for HTDC**





Chair briefed that he is working with Mr. Higashi on developing a director's manual and a set of questions to see if the Board has the same vision. Where do you see HTDC in ten years? Where is our focus? What do you want Hawaii to be ten years from now and how do we get there?

## 8. Adjournment

Chair called for a motion to adjourn

Motion to adjourn made by: Mr. McCartney / Second by: Mr. Kimura

Vote: Approved, 8-0

Respectfully submitted,

Stephanie Yuu-Sato  
Acting Board Secretary