Hawaii Technology Development Corporation
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MEETING MINUTES OF THE HAWAI`I TECHNOLOGY DEVELOPMENT CORP (HTDC) BOARD OF DIRECTORS

May 14, 2026
Virtual Interactive Conference Technology Meeting held via Zoom

Member(s) Present Virtually
Edward Barnabas, (Mr. Barnabas)
Jaclyn Kaina, (Ms. Kaina)
Gregory Kim, (Mr. Kim)
Matthew Sullivan, (Mr. Sullivan)
Kelly Ueoka, (Mr. Ueoka)
Dane Wicker, (Mr. Wicker)

Member(s) Absent
Craig Nakanishi, (Mr. Nakanishi)
Chad Walton, (Mr. Walton)

Guest(s) Present

Staff Present Virtually
Trung Lam, Executive Director & CEO, (Mr. Lam)
Wayne Layugan, (Mr. Layugan)
Sonia Romero, (Ms. Romero)
Karlton Tomomitsu, (Mr. Tomomitsu)

Counsel Present
Nicholas Kido, Deputy Attorney General, (Mr. Kido)

Members of the Public Present
Richard Argall
Joshua Baghdady
Patrick Cross
Lyle Kosinski
Noah Pentelovitch
James Roberts
Nicholas Ulm
Doreen Wong
George Yarbrough
Sam Young

1. Call to Order, Public Notice Quorum

   Meeting called to order at 11:00 a.m.

2. Roll Call

   Mr. Lam conducted roll call. Present virtually are Mr. Barnabas, Ms. Kaina, Mr. Kim, Mr. Sullivan, Mr. Ueoka, Mr. Wicker and Mr. Kido. Mr. Nakanishi and Mr. Walton have been excused.

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3. Kapaa Industrial Advanced Manufacturing Project Presentation and Decision

Mr. Lam presented the proposed Kapaa Industrial Center advanced manufacturing pilot project, focused on:

1. subleasing space to local advanced manufacturing and ocean-tech companies,
2. establishing a shared manufacturing area, and
3. providing wraparound support services.

The project is intended to test demand, refine facility operations, and build toward a permanent state-owned ocean innovation hub. HTDC requested approval to spend up to $1.2 million over three years.

Mr. Lam noted that HTDC, consultants, and eight interested companies have been developing the concept for several months. He highlighted national momentum in advanced manufacturing and HTDC's letters of support from Congressman Ed Case and Indo-Pacific Command, saying that this project aligned with what they see demands are.

HTDC plans to lease four units, with two anchor tenants and two smaller tenants in Year 1 and introduce shared manufacturing space in Years 2 - 3. Some tenants may seek shorter leases; HTDC built flexibility into the model. Wraparound services may include Cybersecurity Maturity Model Certification (CMMC) support and permitting assistance.

Six companies expressed interest, representing a mix of long-term and higher-risk tenants. HTDC negotiated a master lease with a 6-month termination clause requiring a 6-month penalty. Draft subleases include personal guarantees, additional-insured requirements, equity components, and community engagement expectations.

Financial modeling included base, conservative, and optimistic cases. The base case assumes 87% occupancy and $500,000 in grant revenue, producing a nominal surplus. The conservative case assumes 67% occupancy, no grant revenue, and higher costs, resulting in a projected loss. Mitigation options include recruiting alternate tenants or exercising early termination.

If approved, HTDC would finalize leases within one month, complete build-out, move tenants in by Month 2, and evaluate KPIs at Month 12. Expected impacts include economic returns of $2 - $2.50 per dollar invested and job creation based on comparable maritime clusters.

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Members raised questions regarding grant confidence, tenant risk ratings, lease liability, and financial exposure. Mr. Kim expressed concern about HTDC acting as de facto guarantor, lack of liability caps, short tenant commitments, and whether market rent adequately compensates for HTDC's risk. He emphasized applying business discipline before scaling to a larger project.

Mr. Wicker supported the concept as appropriate government intervention to reduce industry risk but asked whether other state facilities had been explored and whether HTDC anticipated absorbing the full $1.2 million. He stressed the need for both short- and long-term facility planning.

Mr. Barnabas asked about equipment needs and responsibilities. Mr. Lam confirmed companies would bring their own equipment, with HTDC funding only limited shared-space outfitting.

Members discussed the mismatch between square footage in the lease and pro forma, the need for due diligence on tenants, and whether overages above $1.2 million should require Board approval. Mr. Kim reiterated concerns about unlimited liability until negotiated otherwise.

Mr. Sullivan called for a vote. Mr. Wicker moved to approve authorizing the Executive Director to execute the Kapaa Quarry Advanced Manufacturing facility lease and subleases under the stated parameters. Ms. Kaina seconded.

Votes:

- **Yes:** Ms. Kaina
- **Yes (with reservations):** Mr. Wicker, Mr. Sullivan, Mr. Barnabas, Mr. Ueoka
- **No:** Mr. Kim

After clarification that "with reservations" is still a "yes," the motion passed.

4. Adjournment

Meeting adjourned at 12:05 p.m.

Respectfully submitted,

Acting Executive Secretary
Karlton Tomomitsu