

Jay M. Fidell
1001 Bishop Street, Suite 710
Honolulu, Hawaii 96813



February 20, 2013

House Committee on Finance
Thursday, February 21, 2013, 4:00 p.m.
State Capitol, Conference Room 308

Re: Support of HB71 extending the lease for the Manoa Innovation Center

Chair Luke, Vice Chairs Nishimoto and Johansen, and members of the Committee on Finance:

I am founder and president of ThinkTech Hawaii. I was a director and chair of the High Tech Development Corporation from 2003-2006.

I strongly support HB71 and urge the committee to pass it out for passage this session and as an expression of support for HTDC, for the startups affected and for the development of the tech industry in Hawaii.

My reasoning for supporting this bill is expressed in an article I wrote that appeared in the Honolulu Star-Advertiser on January 22, 2013, as follows:

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Manoa Innovation Center should remain where it is

By Jay Fidell

POSTED: 01:30 a.m. HST, Jan 22, 2013

The state's High Tech Development Corp. operates the Manoa Innovation Center on land leased from the University of Hawaii. The 20-year lease expires in 2015.

HTDC CEO Yuka Naga-shima wants to extend the lease, but UH President M.R.C. Greenwood wants to take the property back. What will this do to MIC? Is it the right thing?

Under the HTDC, the Manoa Innovation Center has become a second home to the people there — clean as a pin, with grassy courtyards, conference rooms and ample parking. It has innovation written all over it. It's a prize and maybe that's the problem.

The 25 startups at MIC work in materials science, engineering, pharmaceuticals, computer software and hardware, defense, security, financial planning, biotech, social media, photonics, apps, you name it.

It's not only MIC's physical attributes that bring these startups together, but also the networking and mentoring they get at MIC. It's the perfect place for startup synergy, collaboration and partnership.

A startup at MIC can expect to pay about \$2.50 per foot. From this, HTDC gets \$1 million in rent every year. This is tiny compared with UH's \$1.4 billion budget but helps HTDC cover its program expenses.

While MIC incubates companies that commercialize technology, UH has had challenges commercializing the tech research that it does. To some extent, MIC has incubated startups that use UH technologies, so you'd think UH would want to keep MIC around.

Two years out, the situation is becoming desperate, and the lack of certainty pervades daily life at MIC. There are plans to find another building elsewhere, but that will require millions. It's unlikely that this can be done on time, and it will be disruptive. Some say things will never be the same.

UH says it needs MIC's 40,000-square-foot building for office and research space. But, really, wouldn't it be easier for UH to find other space on its sprawling Manoa campus than to require HTDC to go out into the economy and find or build a new MIC there?

The equities are compelling. Granted that both UH and the HTDC need space, UH has a \$1.4 billion budget and campuses of hundreds of acres. The HTDC has the one building. Who is better prepared to find space?

As a public university, UH should provide service to the community, including government. Inserts like the one in last week's Star-Advertiser are not the best way to do that. Innovation Councils like the one created in 2010 are not the best way, either.

That council did not include members from the downtown venture capital community or HTDC. After a year it issued a disappointing report. No action has been taken for commercialization.

At the same time, to the frustration of researchers, UH has all but abandoned the University Office of Technology Transfer and Economic Development that was supposed to help in commercialization.

As we approach expiration, what can be done to save MIC? Because UH and MIC were both created by the Legislature, it doesn't seem appropriate for one to displace the other. Should the Legislature step in?

Last year, SB 4125 would have transferred the lease to HTDC. It was deferred. This year, SB 477 would do the same thing. HB 71 would extend the lease by 25 years. MIC supporters will support these bills.

The future of MIC hangs in the balance. Can't this be amicably resolved? Isn't there common ground? Wouldn't a reasonable extension be in order?

Or could there be an agreement by which UH would give MIC a new lease for a new term after the old one expires? But note that if MIC has to pay rent under that lease, it would need additional funding to cover its programs, and that could be a problem.

Also, since UH is lacking on commercialization, MIC could be a pathway to commercialization of UH tech research. Since Greenwood wants to do "research as a business," commercialization using MIC's services would help. If UH is serious about commercializing its technology, it should develop this pathway with MIC. It would be shortsighted to send MIC away.

Where the Stevie Wonder affair involved \$200,000, the MIC issue will involve hundreds of millions, the future of a state agency and a program affecting our economy. Dealing with it is not a simple matter, and UH should spend at least as much time doing the right thing.

The regents have not yet considered the future of MIC. They need to take it up, and we will need to see how they do. If they fail to resolve it in a way that will save MIC, the Legislature will have to act.

Whatever we do, it's critical that we save MIC, in Manoa, where it belongs.

Jay Fidell, a longtime business lawyer, founded ThinkTech Hawaii, a digital media company that reports on Hawaii's tech and energy sectors of the economy. Reach him at fidell@lava.net.

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I also submit for the consideration of the committee an article by William Blass (who served as the first executive director of HTDC from 1981-1984) that appeared in the Star-Advertiser a few days later, as follows:

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Manoa Innovation Center has earned right to stay in place

By William M. Bass

POSTED: 01:30 a.m. HST, Jan 30, 2013

The University of Hawaii should not exercise its right to oust the Manoa Innovation Center (MIC) from property the High Technology Development Corp. (HTDC) has operated since 1994 to assist high-technology small businesses to grow and prosper.

Instead, it should transfer the property outright to HTDC or at least extend the lease for another 25 years.

The MIC is one of the most successful economic development projects undertaken by the state and a splendid example of cooperation between the HTDC and the University of Hawaii.

Having conceived, fought for and constructed the MIC, I would like to offer the following information about the lease arrangement.

HTDC was created by the Legislature in 1983 to encourage the growth of Hawaii's high-technology industry.

One of its strategies was to provide a series of incubators that would foster innovation and entrepreneurship.

By locating the MIC on UH property, we made it possible for its clients to have access to its faculty and capabilities. To enhance this synergism, we also provided space for the Pacific International Center for High Technology Research and the Research Corp. of the University of Hawaii (RCUH) to locate there.

The MIC was only our second project when it was proposed in 1985, and HTDC did not have a proven track record of accomplishment at that time.

The university proposed the 25-year lease as a means of ensuring its Board of Regents and the public that if the project failed, the land would not be lost to it. In this regard, I was pleased to sign the lease on behalf of HTDC.

Now, HTDC has a proven track record over 29 years. It has created the Hawaii Ocean Science and Technology Park on Hawaii island, the Maui Research and Technology Center, the Center for Research in Ocean Science, and the Hawaii Electric Vehicle Demonstration Project.

It also operated a third technology incubation center, the Kaimuki Technology Enterprise Center from 1985 until 1994, when the MIC construction was completed.

I want to commend Jay Fidell on his excellent column, "Manoa innovation Center should remain where it is" ("Think Tech," Star-Advertiser, Jan. 22). The MIC is the backbone of HTDC's high-technology development strategy and should remain so. The center was designed specifically as a small business incubator facility.

I sincerely doubt that it would be useful to UH's purposes without extensive and costly renovations.

UH should not bring about its demise just to provide additional office space.

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I endorse and fully agree with Mr. Bass' points on the subject.

Thank you for your consideration of my views in the matter.

Very truly yours,

Jay Fidell

Jay Fidell
(808) 780-9254

Written Statement of

Robert C. Hicks
Former President
ORINCON Hawaii Inc.

before the
HOUSE COMMITTEE ON FINANCE

Tuesday, February 21, 2013
4:00 p.m. State Capitol, Conference Room 308
In consideration of

HB 71 RELATING TO HIGH TECHNOLOGY.

Chair Luke, Vice Chairs Nishimoto and Johanson, and Members of the Committee on Finance.

I personally support HB71 which requires the University of Hawaii (UH) to extend the current land lease for the Manoa Innovation Center (MIC) to the HTDC.

My name is Robert C. Hicks, former President of ORINCON Hawaii Inc.

I am submitting this as an individual as I have been retired for four years now but while I worked for ORINCON Hawaii Inc. I worked closely with the folks at HTDC in many areas. The programs they sponsored enabled many local technology companies to get a start through their incubation programs, their SBIR Grant Matching programs, and their Technology related Jobs Programs. We received assistance in many areas to include help finding a location for our Maui office, recommendations for teaming partners, and locating talented potential employees.

I believe that HTDC has and will continue to make an impact in the development of Technology Jobs in Hawaii and would strongly recommend that you support this bill to ensure they have the resources they need to continue their programs.

Thank you for the opportunity to offer testimony on this bill.

Respectfully Submitted,

Rob Hicks



AMEL Technologies, Inc.

Engineering Consulting Services

Melek Yalcintas, Ph.D., P.E., LEED AP, CxA

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Tel: 808 988 0200, Fax: 808 988 0204, E-mail: melek@ameltech.com

www.ameltech.com

Written Statement of

Melek Yalcintas

President

AMEL Technologies, Inc

before the

HOUSE COMMITTEE ON FINANCE

Thursday, February 21, 2013

4:00 p.m. State Capitol, Conference Room 308

In consideration of

HB 71 RELATING TO HIGH TECHNOLOGY.

Chair Luke, Vice Chairs Nishimoto and Johanson, and Members of the Committee on Finance.

AMEL Technologies, Inc SUPPORTS HB71 which requires the University of Hawaii (UH) to extend the current land lease for the Manoa Innovation Center (MIC) to the HTDC.

My name is Melek Yalcintas and I am the president of AMEL Technologies, Inc. My company is a tenant of MIC since 2008. When I started my company, I was only employee of the company. Currently, my company c employs five engineers. Growing form one-person company to five-engineering company shows not only my success but also that of MIC. Thus, I respectfully ask you to extend the land lease for Manoa Innovation Center to the HTDC.

Should you need more information, please do not hesitate to call me at 988-0200.

Sincerely yours,

Melek Yalcintas, Ph.D., P.E., LEED AP, CxA



Advocates For Consumer Rights

Working for Hawaii's consumers since 1994

Scott Foster, Communications Director

808-988-0555 <afcr@hawaii.rr.com>

Testimony For Thursday, February 21, 2013

Committee on Finance

SUPPORTING HB71 “Relating to high technology”

4:00 P.M.

Conference Room 308

State Capitol

Aloha Honorable Chair, Co-Chairs, and Committee Members;

My name is Scott Foster and I am the Communications Director of Hawai`i Advocates For Consumer Rights. Our 19-year old, statewide organization was co-founded by Mr. Ralph Nader and we continue to research and testify on public-policy issues such as the future of Hawaii’s internationally respected *Manoa Innovation Center* (MIC).

After reading the complete testimony on HB71 from the February 5th, 2012, House Committee on Education, we were impressed by the many documented accolades from the impressive list of supportive testifiers. However, we were greatly disappointed by the *only* testimony against HB71 which came from the University of Hawai`i System via James, R. Gaines, Vice-President for Research.

At 70, a technology “Geek” before there was a word for it and as a Manoa resident, I am very familiar with MIC’s history of great successes and its strong international reputation. Please do not allow the UH to in any way disrupt the collaborative, creative work taking place at the MIC.

Creativity and innovation in technology which produces valuable intellectual property remain America's greatest advantage in the world economy and it will no doubt continue to be one of our nation's major economic drivers. MIC has been described as "Hawaii's Silicon Valley" and we at AFCR concur.

It gives us no pleasure to note the continuing examples of negative news filtering out of the UH of late. In our minds, any action the UH might take to relocate or otherwise disrupt the MIC as it currently exists would be ill-advised and add to the UH's sad litany of admitted bad decisions. One might believe that the UH could certainly find other locations on their vast Manoa campus to house their speculated "research growth" needs instead of destroying an institution that has established such an enviable track record over the past quarter of a century. Please see that MIC's lease is renewed for another 25 years.

Mahalo for your time and kind consideration.

Scott Foster,
Communications Director
Hawai'i Advocates For Consumer Rights

RENEWABLE WATER TECHNOLOGIES LLC

Written Statement of

John A. Chock
Principal
Renewable Water Technologies LLC

before the
HOUSE COMMITTEE ON FINANCE
Thursday, February 21, 2013
4:00 p.m. State Capitol, Conference Room 308
In consideration of

HB 71 RELATING TO HIGH TECHNOLOGY
HB 71 RELATING TO HIGH TECHNOLOGY.

Chair Luke, Vice Chairs Nishimoto and Johanson, and Members of the Committee on Finance.

Renewable Water Technologies LLC (RWT) **supports** HB71 which requires the University of Hawaii (UH) to extend the current land lease for the Manoa Innovation Center (MIC) to the HTDC.

My name is John Chock and I am a founder and principal of the company, and previously I was the president of the Hawaii Strategic Development Corporation. As such, I am long familiar with the good work being done by HTDC to support Hawaii's technology development and the valuable role the Manoa Innovation Center plays in accelerating startup company growth.

RWT is in the process of developing a solar-powered desalination technology and our company has benefited from very favorable rents as a virtual tenant, support from HTDC staff, and the ability to network with other tech firms at MIC. The facility is very conducive to tech company development, and Hawaii needs such infrastructure to continue supporting tech development.

As an early stage tech company, we are dependent on having the anchor of HTDC and the MIC to support our growth. Thus far we have greatly advanced our technology, doubling our capacity, and have hired UH engineering students and graduates to support our design and manufacturing activities. HTDC's machine shop at MIC is also a valuable tool for our product development, and we encourage you support its ongoing presence. Thank you for the opportunity to offer testimony on this bill.

Sincerely,



John A. Chock
Principal

From: mailinglist@capitol.hawaii.gov
To: [FINTestimony](#)
Cc: dlmendiola@gmail.com
Subject: *Submitted testimony for HB71 on Feb 21, 2013 16:00PM*
Date: Wednesday, February 20, 2013 6:23:18 PM

HB71

Submitted on: 2/20/2013

Testimony for FIN on Feb 21, 2013 16:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Davi-Ann Mendiola	Individual	Support	No

Comments:

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From: mailinglist@capitol.hawaii.gov
To: [FINTestimony](#)
Cc: lpfaleafine@gmail.com
Subject: *Submitted testimony for HB71 on Feb 21, 2013 16:00PM*
Date: Wednesday, February 20, 2013 6:22:33 PM

HB71

Submitted on: 2/20/2013

Testimony for FIN on Feb 21, 2013 16:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Lezley Faleafine	Individual	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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