

HB-583-HD-1

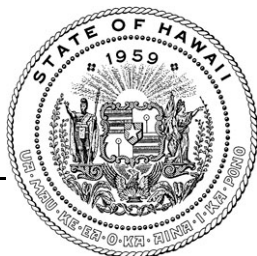
Submitted on: 2/12/2018 11:19:44 AM

Testimony for EDB on 2/14/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Randall Francisco	County of Kauai	Support	No

Comments:

The HTDC has been instrumental in significantly supporting businesses on Kauai in enabling them to transition from concept to actual development/implementation and manufacturing. As a result, these combined efforts have helped to diversify our economy and contribute a pathway in this important and growing segment of our small business climate. Mahalo for your consideration. Randall Francisco, Office of Economic Development/Creative Industries Division - Kauai Film Commissioner and Small Business Coordinator



DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

DAVID Y. IGE
GOVERNOR

LUIS P. SALAVERIA
DIRECTOR

MARY ALICE EVANS
DEPUTY DIRECTOR

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Statement of
LUIS P. SALAVERIA
Director

Department of Business, Economic Development, and Tourism
before the

HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS

Wednesday, February 14, 2018

11:00 a.m.

State Capitol, Conference Room 309

in consideration of

HB583, HD1

RELATING TO TECHNOLOGY.

Chair Evans, Vice Chair Keohokalole and Members of the Committee.

The Department of Business, Economic Development, and Tourism (DBEDT) **strongly supports** HB583, HD1, which appropriate funds to the Hawaii Technology Development Corporation (HTDC) for the continued operations and administration of HTDC's programs.

On January 22, 2018, UH notified HTDC and DBEDT that management of MIC will transfer to UH on July 1, 2018. The 25-year lease from UH to DBEDT for the land on which MIC sits expired in April 2015. UH informed HTDC and DBEDT that they intended to not extend the lease and take over management of the facility. Since the expiration of the lease, UH has allowed HTDC to stay as a month-to-month basis rent-free and to continue operating the Center and collecting tenants' rents to give HTDC and DBEDT time to plan for this handover.

This handover of management of the Center from HTDC to UH will result in a loss of tenants rents which must be replaced with General Funds in order to avoid terminating HTDC employees and shutting down the program shortly after July 1, 2018.

The HTDC Board of Directors met on February 2, 2018, and voted unanimously to support DBEDT's request for General Funds to continue the HTDC programs that have been funded by revenues collected from the MIC tenants. DBEDT is working with the Administration to provide the Legislature with the amount of General Funds needed.

Thank you for the opportunity to testify.



Statement of
Adelheid Kuehnle
CEO
Kuehnle AgroSystems Inc.
before the

House Committee on Economic Development & Business
Wednesday, February 14, 2018
11:00 a.m.
State Capitol, Conference Room 309

In consideration of
HB583, HD1
RELATING TO TECHNOLOGY

Chair Evans, Vice Chair Keohokalole, and Members of the Committee on Economic Development & Business.

Kuehnle AgroSystems Inc. supports HB583, HD1 that appropriates funds to the Hawaii Technology Development Corporation for administrative and operational costs.

Kuehnle AgroSystems Inc. is a bio-based product research and development company located in the Manoa Innovation Center. As a tenant of MIC, and we have worked closely with HTDC to build our company. They have been excellent partners for us, aiding in many areas of our business development and including a recently installed small pilot test manufacturing facility. This bill is important for the small business community in Hawaii, and good for innovation companies such as ours.

- HTDC very successfully carries out its mission to assist the small business technology community in Hawaii.
- HTDC delivers the services required for a tech innovation park or innovation center, i.e., business support (which is extensive), manufacturing support, IP support, guidance on GLP and GMP, federally funded programs, community outreach, etc.
- HTDC has a proven track record of efficiently and effectively managing MIC facilities to the level required for high tech businesses. They are responsive to the needs of tenant companies, specifically concerning the physical plant (issues with ventilation, changes needed, etc). The high quality and flexibility of the MIC facilities is very important to the small businesses, and HTDC does a great job.
- HTDC being co-located at MIC with small businesses facilitates seamless communication, fast response times, an on-going relationship for our unique business needs, and is essential to the facility's professional aura, cleanliness and upkeep. When investors and strategic partners visit us at MIC, they are favorably impressed.

Thank you for the opportunity to offer these comments.



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HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS

Rep. Cindy Evans, Chair
Rep. Jarrett Keohokalole, Vice Chair

Rep. Daniel Holt
Rep. Linda Ichiyama
Rep. Aaron Ling Johanson

Rep. Kyle T. Yamashita
Rep. Lauren Kealohilani Matsumoto

Wednesday, February 14, 2018 at 11:00AM, Conference Room 309

In consideration of
HB583 HD1, Relating to Technology

DevLeague **supports** HB583 HD1 that appropriates funds to the Hawaii Technology Development Corporation for administrative and operational costs.

DevLeague (<http://www.devleague.com/>) is the premier technical boot camp in the Pacific designed to provide mentorship and training to motivated individuals seeking a career change. We design our own curriculum based on relevant industry standards, teach in-demand technical skills such as JavaScript Web Engineer, Cyber Security Professional, Big Data Analyst and Enterprise Software Developer to help our graduates onboard into career starts in the technology industry.

For the last four years, we have enjoyed the benefits of a renewal at Manoa Innovation Center under the guidance of HTDC. The facilities have been improved, the upkeep and maintenance of the grounds are well attended to and the attention to the tenants has vastly improved since we arrived in 2014. As the only innovation space in Honolulu that HTDC oversees, it can afford to put all of its attention into MIC and its tenants. With the \$503MM repair backlog in repair and maintenance across the UH's 10 campuses, it has to get legislature funding and prioritize how it spends on repairs and maintenance. MIC will soon be one of hundreds of facilities in UH's backlog of facilities and maintenance plans and likely lead to the decline and neglect of MIC as it gets lost in the UH repair shuffle.

<http://www.upwhawaii.org/OurUnionOurFamily/chip-away-at-uh-repair-backlog>

HTDC has fostered workshops and community building efforts that have benefited DevLeague and the startup/entrepreneur ecosystem we lead and serve. We have held Friday to Sunday hackathons where 100s of students and adults attend and collaborate in the annual NASA Space Apps Challenge, AT&T Hackathon, Global Game Jam and hosted our well-attended DevLeague cohort graduations where our students demonstrate their final projects to peers, potential employers, family and friends. The intimate setting is easy to plan and secure well into the late night and early morning time, doesn't require permitting, has ample parking for guests in and around the grounds, and brings the



community into MIC. It's simply easy to and painless to do business in MIC—one less thing to worry about in a stressful startup world.

Four years earlier, it was DevLeague that needed the help from HTDC to get started. Today, it is HTDC that needs our support to continue to provide incubator support and services to the technology startup/entrepreneur ecosystem. Termination of the HTDC lease threatens the continued existence and operation of HTDC and is a matter of statewide concern. Thank you for the opportunity to offer these comments.

Mahalo!

A handwritten signature in black ink, appearing to read "Russel Cheng".

Russel Cheng
Co-founder, Director
808-391-8424, russel@devleague.com



HAWAII EVOLUTIONARY DEVELOPMENT, LLC

Statement of
LETIZIA DE LANNOY
Manager
Hawaii Evolutionary Development, LLC
(HIEvoDEvo)

before the

House Committee on Economic Development & Business

Wednesday, February 14, 2018

11:00 a.m.

State Capitol, Conference Room 309

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FEIN 36-4683352

In consideration of

HB583, HD1

RELATING TO TECHNOLOGY

Chair Evans, Vice Chair Keohokalole and Members of the Committee on Economic Development & Business.

HIEvoDevo supports HB583, HD1 that appropriates funds to the Hawaii Technology Development Corporation for administrative and operational costs.

HIEvoDevo is a startup company developing HEDS, an engineering design software using a novel methodology to find optimal solutions. This methodology has a wide range of applications in industries such as engineering (aircraft and airspace, automotive, drones, and building design, etc.), health care, finance, to name a few.

HTDC personnel and programs have been instrumental in mentoring, making the connections to other companies, funding opportunities to develop our technology, and offering an incredible work environment.

Termination of the HTDC lease threatens the continued existence and operation of HTDC and is a matter of statewide concern. Thank you for the opportunity to offer these comments.



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Executive Officers

Beau Oshiro, C&S Wholesale Grocers, *Chair*
John Erickson, Meadow Gold Dairies, *Immediate Past Chair*
Toby Taniguchi, KTA Superstores, *Vice Chair*
Lauren Zirbel, HFIA, *Executive Director*
Joe Carter, Coca-Cola Bottling of Hawaii, *Secretary / Treasurer*
Stan Brown, Acosta Sales & Marketing, *Advisor*
Paul Kosasa, ABC Stores, *Advisor*
John Shilf, Rainbow Sales & Marketing, *Advisor*
Barry Taniguchi, KTA Superstores, *Advisor*
Derek Kurisu, KTA Superstores, *Advisor*

TO:
Committee on Economic Development and Business
Rep. Cindy Evans, Chair
Rep. Jarrett Keohokalole, Vice Chair

FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: Wednesday, February 14, 2018
TIME: 11am
PLACE: Conference Room 309

RE: HB 583 Relating To Technology

Position: Support

The Hawaii Food Industry Association is comprised of two hundred member companies representing retailers, suppliers, producers, and distributors of food and beverage related products in the State of Hawaii.

Passage of this measure will allow Hawaii Technology Development Corporation (HTDC) to develop a public private partnership to establish a new incubator facility, which will benefit the businesses they work with and also ultimately be more cost effective for HTDC. HTDC is an important part of developing new Hawaii small businesses and diversifying our economy. The loss of their current facility could disrupt their ability to engage in important programs for our business and technology future if this measure is not passed. We urge you to vote yes on this measure and we thank you for the opportunity to testify.



Written Statement of
Robbie Melton
Executive Director & CEO
Hawaii Technology Development Corporation
before the
House Committee on Economic Development & Business
Wednesday, February 14, 2018
11:00 a.m.
State Capitol, Conference Room 309

In consideration of
HB583, HD1
RELATING TO TECHNOLOGY

Chair Evans, Vice Chair Keohokalole, and Members of the Committee on Economic Development & Business.

The Hawaii Technology Development Corporation (HTDC) **supports** HB583, HD1 that appropriates funds to the Hawaii Technology Development Corporation for administrative and operational costs.

UH has provided notice to HTDC that it intends to terminate the lease at the Manoa Innovation Center effective June 30, 2018. Termination of the lease threatens the continued existence and operation of HTDC and is a matter of statewide concern. The rent revenue generated through the incubation program at the Manoa Innovation Center funds half of HTDC staff's salary and all of our discretionary program funding. Without the lease or an alternate method of funding, HTDC will not be able to continue operation.

In HTDC's 2016 economic impact survey of clients, 150 companies reported \$389 million of revenue and \$620 million of total economic impact. HTDC programs receive an annual appropriation of just over \$1 million in general funds, \$520,000 of which are passed through as grants to companies. HTDC has leveraged our state funding to secure \$500,000 of annual federal funding for our Innovate Hawaii program and approximately \$20 million over 5 years federal funding for our HCATT program. HTDC takes pride in reporting substantial leverage and return on investment for the state.

The MIC land lease has been a concern for HTDC for many years. Previous attempts to resolve the issue have included overwhelming public testimony for HTDC programs and mission.

(https://www.capitol.hawaii.gov/Archives/measure_indiv_Archives.aspx?billtype=HB&billnumber=71&year=2013)

HTDC has proven itself as a responsible steward for the upkeep of the facility, active member of the Manoa community, and a valuable resource for the tech community. HTDC has requested funding from the legislature every year to construct a replacement facility but the funds have not been available. HTDC has solicited and received federal grant funding and private sector investment for the construction of the Entrepreneurs Sandbox. However, the facility is only a complement to the Manoa Innovation Center. HTDC continues to seek state, federal, and private sector funding for a replacement for the Manoa Innovation Center.

HTDC remains supportive of UH's innovation agenda as a piece of the bigger goal of growing the State's tech sector. UH has offered for HTDC to stay at the Manoa Innovation Center while paying only for common area maintenance. However, HTDC **would require a consistent annual appropriation** to cover staff salary, federal funding match, programs, and common area maintenance to consider this opportunity. HTDC's more immediate concern is to continue our mission until funding becomes available to construct a replacement facility in Kakaako.

Thank you for the opportunity to offer these comments.



HYPERPECTIVE
INSPIRE BELIEF

Statement of:
Todd J. Robertson
Hyperspective
Before the
House Committee on Economic Development & Business
Wednesday, February 14, 2018
11:00 a.m.
State Capitol, Conference Room 309

In consideration of
HB583, HD1 RELATING TO TECHNOLOGY

Chair Evans, Vice Chair Keohokalole, and Members of the Committee on Economic Development & Business.

Hyperspective **supports** SB583, HD1 that appropriates funds to the Hawaii Technology Development Corporation for administrative and operational costs.

Hyperspective is a digital creative agency located in the Manoa Innovation Center (MIC) and a client of HTDC, focused on developing cutting edge technology for communications and products within the State of Hawaii for global export.

HTDC has supported our growth by providing location and infrastructure support, and have been an integral part of our company's growth and success through mentorships, workshops, exposure, community and business connections, and legislation that supports our industry.

Without HTDC's support, innovation and tech companies (including Hyperspective) will not have an advocate, or support to assist us in growth and development. The programs provided by HTDC support a variety of the needs of small businesses like ours. Without them, surviving and thriving in the State of Hawaii would be extremely difficult and in some cases, impossible.

I believe Hawaii needs to build a new innovation economy for the future sustainability of the state and to be relevant for businesses in the 21st century. It is detrimental that HTDC is able to continue their support through the infrastructure and programs they provide. Without HTDC, I am very concerned that the innovation economy would not have the support it needs to grow, and therefore, will have detrimental effects. Termination of the HTDC lease threatens the continued existence and operation of HTDC and is a matter of statewide concern.

Thank you for the opportunity to offer these comments.

HB-583-HD-1

Submitted on: 2/13/2018 10:39:14 AM

Testimony for EDB on 2/14/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	OCC Legislative Priorities Committee of the Democratic Party of Hawaii	Support	No

Comments:

HB-583-HD-1

Submitted on: 2/13/2018 10:58:04 AM

Testimony for EDB on 2/14/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Chenoa Farnsworth	Blue Startups	Support	No

Comments:

Statement of

Chenoa Farnsworth

Managing Partner

Blue Startups

before the

House Committee on Economic Development & Business

Wednesday, February 14, 2018

11:00 a.m.

State Capitol, Conference Room 309

In consideration of

HB583, HD1

RELATING TO TECHNOLOGY

Chair Evans, Vice Chair Keohokalole, and Members of the Committee on Economic Development & Business.

Blue Startups **supports** SB583, HD1 that appropriates funds to the Hawaii Technology Development Corporation for administrative and operational costs.

HTDC has provided grant funding to our event and accelerator programs over the past five years. As the only State funded agency currently supporting the development of a technology ecosystem in our State, the stability of HTDC is critical.

Termination of the HTDC lease threatens the continued existence and operation of HTDC and is a matter of statewide concern. Thank you for the opportunity to offer these comments.

HB-583-HD-1

Submitted on: 2/13/2018 12:26:32 PM

Testimony for EDB on 2/14/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Tricia Morris	Individual	Support	No

Comments:

Statement of

TRICIA MORRIS

MANAGING DIRECTOR,

COLLABORATIVE DISPUTE RESOLUTIONS

before the

House Committee on Economic Development & Business

Wednesday, February 14, 2018

11:00 a.m.

State Capitol, Conference Room 309

In consideration of

HB583, HD1

RELATING TO TECHNOLOGY

Chair Evans, Vice Chair Keohokalole, and Members of the Committee on Economic Development & Business.

Tricia Morris, Managing Director of Collaborative Dispute Resolutions, **SUPPORTS** SB583, HD1 that appropriates funds to the Hawaii Technology Development Corporation for administrative and operational costs.

Our service oriented company performs neutral and non-biased negotiations in disputes via face to face & video conferencing. We care deeply about empowering our clients and support them in clarifying complex business and personal conflicts and help them find resolution in a positive and life enhancing way.

The workshops have benefitted me and my company by helping me with current knowledge about building a business, social media and other low cost marketing techniques, finance, tax information and other beneficial subjects.

The grants are helpful to those building a business who lack funding to expand their market. They encourage local people to go into businesses that otherwise they might not think are possible. These people are also my clients and potential clients.

Holding local prosperity and a safer tax base is a high priority for the state. Hawaii is a small market and not easy to do business in.

Termination of the HTDC lease threatens the continued existence and operation of HTDC and is a matter of statewide concern. Thank you for the opportunity to offer these comments.

Thank you for your consideration.

Tricia Morris

HB-583-HD-1

Submitted on: 2/13/2018 12:40:00 PM

Testimony for EDB on 2/14/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Collin Kobayashi	3D Innovations	Support	No

Comments:

Statement of

Collin Kobayashi

President

3D Innovations

before the

House Committee on Economic Development & Business

Wednesday, February 14, 2018

11:00 a.m.

State Capitol, Conference Room 309

In consideration of

HB583, HD1

RELATING TO TECHNOLOGY

Chair Evans, Vice Chair Keohokalole, and Members of the Committee on Economic Development & Business.

3D Innovations **supports** SB583, HD1 that appropriates funds to the Hawaii Technology Development Corporation for administrative and operational costs.

3D Innovations is a product development, prototyping, and manufacturing solutions provider that supports startup/technology, SBIR, and manufacturing companies.

With the recent news from UH wanting to take over and manage the Manoa Innovation Center facility, it creates some major concerns for us as tenants. Some of the concerns include changes to the operation of the facility, forcing companies to find other space to rent, general efficiencies of managing day to day operations, and responding to urgent matters in a timely manner.

In addition to these concerns, we feel that the programs that HTDC provides could be reduced or eliminated and will negatively affect the operations of the tenants at MIC. These programs that are provided by HTDC have a major impact on building a sustainable company. Without HTDC being the voice of the technology/startup community, we feel that any relationships built with the State Legislature would be lost and take many years to re-establish again.

HTDC has been an advocate for the startup and entrepreneurial community and will be lost if they are no longer managing the Manoa Innovation Center.

I urge you to consider finding alternatives to the plan outlined by UH so that HTDC can continue to manage MIC.

Termination of the HTDC lease threatens the continued existence and operation of HTDC and is a matter of statewide concern. Thank you for the opportunity to offer these comments.



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Statement of
Edward Knobbe
President
Spectrum Photonics
before the
House Committee on Economic Development & Business

Wednesday, February 14, 2018
11:00 a.m.
State Capitol, Conference Room 309

In consideration of
HB583, HD1
RELATING TO TECHNOLOGY

Chair Evans, Vice Chair Keohokalole, and Members of the Committee on Economic Development & Business.

Spectrum Photonics **supports** SB583, HD1 that appropriates funds to the Hawaii Technology Development Corporation for administrative and operational costs.

Spectrum Photonics strongly supports the staff and the mission of HTDC, which serves a very valuable role in fostering the growth of Hawaii's small business technology community. Beginning as an HTDC-affiliate and Manoa Innovation Center tenant since 2008, Spectrum Photonics has directly benefitted from technology development and outreach programs offered through HTDC. In particular, Spectrum has participated in a variety of HTDC-sponsored workshops, SBIR matching grants, legislative dialog opportunities, and training programs. HTDC continues to serve as an extremely valuable advocate and ambassador on behalf of Spectrum and other small technology-oriented businesses.

Spectrum Photonics' core business is largely based on intellectual property licensed from University of Hawaii. We are also an HTDC client company, having first started operations at the Manoa Innovation Center facility in 2008. During the past 8 years we have received approximately \$12,000,000 in federal SBIR funds, which in turn has enabled Spectrum to win highly-competitive broad agency announcement (BAA) awards. Recent follow-on contracts include \$3,000,000 from the Office of Scientific Development's Rapid Innovation Fund (RIF) program, \$4,500,000 of funding under the Next-Generation Chemical Detection (NGCD) program, \$3,600,000 under the Surface Contamination Detection (SCD) Stryker NBCRV sensor upgrade program, and \$16,900,000 under IARPA's Standoff ILluminator for Measuring Absorbance and Reflectance Infrared Light Signatures (SILMARILS) program.

Spectrum Photonics strongly supports the appropriation of funding for this important state agency. Thank you for the opportunity to offer these comments.



Nalu Scientific
Data Acquisition Systems

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Feb 13, 2018

Statement of
Isar Mostafanezhad, Ph.D.
Founder and CEO
Nalu Scientific, LLC
before the
House Committee on Economic Development & Business
Wednesday, February 14, 2018
11:00 a.m.
State Capitol, Conference Room 309
In consideration of
HB583, HD1
RELATING TO TECHNOLOGY

Chair Evans, Vice Chair Keohokalole, and Members of the Committee on Economic
Development & Business.

Nalu Scientific, LLC supports SB583, HD1 that appropriates funds to the Hawaii Technology Development Corporation for administrative and operational costs.

Nalu Scientific was founded in 2015 to commercialize high speed integrated circuits for US Department of Energy and its national labs. Since then we have been receiving steady support from the DOE SBIR program -so far \$1.6M in commitments- which has allowed us to grow to 7 full time employees. We have plans to even grow further and provide support to DOE and the national labs in their mission.

Being in Manoa and having access to a subsidized facility has been extremely helpful in our growth. Additionally we have immensely benefited from various HTDC's programs.

Suffice it to say that the idea to fund Nalu Scientific through the SBIR program was solidified at a workshop organized in June 2015 at MIC by the HTDC where avenues to seek Federal funding were discussed.

We have also benefited from the matching funds grant program administered through the Hawaii SBIR program of HTDC. Given high cost of doing business in Hawaii and the high risk-high reward nature of our innovation, these matching funds have been essential in helping us finish Phase I projects in time and bring in Phase II (\$1.0+M) follow on funding.

HTDC has been extremely impactful in our existence, survival and growth. Given our early stage, we will be seriously and adversely affected if HTDC's programs and facilities are reduced.

Please do not hesitate to contact me if you need more information.

Isar Mostafanezhad,
Founder and CEO at Nalu Scientific, LLC