



DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

DAVID Y. IGE
GOVERNOR

LUIS P. SALAVERIA
DIRECTOR

MARY ALICE EVANS
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
Web site: www.hawaii.gov/dbedt

Telephone: (808) 586-2355
Fax: (808) 586-2377

Statement of
LUIS P. SALAVERIA
Director
Department of Business, Economic Development, and Tourism
before the
SENATE COMMITTEE ON WAYS AND MEANS
Thursday, March 1, 2018
10:45 a.m.
State Capitol, Conference Room 211
in consideration of
SB 48, SD2
RELATING TO TECHNOLOGY.

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee. The Department of Business, Economic Development, and Tourism (DBEDT) provides comments on SB48, SD2.

SB 48, SD2 transfers title and management authority of the land under the Manoa Innovation Center (MIC) from the University of Hawaii (UH) to the Hawaii Technology Development Corporation (HTDC) for ten years.

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.

UH has offered HTDC the option of staying in their current offices on a rent-free basis, paying CAM only, until June 30, 2020. UH has informed the MIC tenants that they will honor all current leases, and has invited HTDC to continue providing incubator services to the tenants.

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 provide these comments.



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
Senate Committee on Ways and Means
March 1, 2018 at 10:45 a.m.

by
Kalbert K. Young
Vice President for Budget and Finance/Chief Financial Officer
University of Hawai'i System

SB 48 SD2 – RELATING TO TECHNOLOGY

Dear Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the committee:

The University of Hawai'i hereby submits testimony in opposition to Senate Bill 48, Senate Draft 2 (SB 48 SD2). This bill proposes to transfer title, custody, control, and management authority of fee simple land that are rightfully owned by the University of Hawai'i (UH). This bill is counter-productive to our UH goals and mission of expanding educational programs, and managing and monetizing our assets.

SB 48 SD2 seeks to transfer the land at the Mānoa Innovation Center (MIC) located at 2800 Woodlawn Drive in Honolulu, Hawai'i, O'ahu, to the Hawai'i Technology Development Corporation (HTDC), and proposes a return of the land and facilities back to UH by June 30, 2029. First and foremost, UH holds the fee simple title to the land in question and has been planning for the use of the MIC. Wrestring away title of this land from the University would be a major setback and is counter to legislative and administration efforts that encourage the University to be more pro-active in real asset management.

Secondly, this property was acquired by the University in 1968 and had been leased to the Hawai'i Technology Development Corporation (HTDC) since 1990 at no ground rent to the University. The lease arrangement has allowed HTDC to retain all net rental proceeds to support their programs for over 25 years. HTDC's lease of the property expired in April of 2015. The University has allowed HTDC to remain as the lessee on a month-to-month basis for more than 2-1/2 years. The University informed HTDC on January 22nd that the month-to-month arrangement would be terminated and UH assume control and management of the MIC facility on July 1, 2018. The University will be using this property to advance its innovation and technology initiatives. The University believes HTDC could still continue to play a role in this effort.

In terminating the lease with HTDC, the University has offered HTDC to remain at MIC rent free, paying only applicable common-area maintenance fees. The University has also communicated to tenants that it intends to allow existing tenants to remain at the MIC under their existing terms and conditions if they want to stay in place. Our intent is

to minimize disruption to HTDC and the MIC tenants as we transition into the property on July 1, 2018.

Furthermore, the Legislature has been increasingly vocal about the University seeking options to monetizing assets to support the UH programs rather than only relying on legislative appropriations of general funds. The MIC is University property and the University should be supported to maximize its efforts to utilize resources and assets within its possession to manage its own resources and generate its own revenue.

For these reasons, we respectfully request that the committees defer this matter indefinitely. SB 48 SD2 does not serve the best interest of the UH.

Thank you for your time and consideration.

SB-48-SD-2

Submitted on: 2/28/2018 8:57:19 AM

Testimony for WAM on 3/1/2018 10:45:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Mark Tawara	Testifying for Bright Light Digital	Support	No

Comments:



Nalu Scientific
Data Acquisition Systems

Nalu Scientific, LLC
2800 Woodlawn Dr. Ste #240
Honolulu, HI 96822 USA
Phone: +1 (888) 717-6484
info@naluscientific.com

Feb 28, 2018

**Statement of
Isar Mostafanezhad, Ph.D.
Founder and CEO
Nalu Scientific, LLC**

before the
**Senate Committee on Ways and Means
Thursday, March 1, 2018
10:45 a.m.**

State Capitol, Conference Room 211

In consideration of
SB48, SD2

RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee on Ways and Means.

Nalu Scientific, LLC supports SB48, SD2 that transfers title, control, custody, and management authority of the land under the Manoa Innovation Center (MIC), including any buildings, structures, and appurtenances situated on the land, from the University of Hawaii (UH) to the Hawaii Technology Development Corporation (HTDC) for 10 years.

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 continue to provide technology and 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 (HSBIR) 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 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. Termination of the HTDC lease threatens the continued existence and operation of HTDC and is a matter of statewide concern. We respectfully request correction of the defective effective date. Thank you for the opportunity to offer these comments. Please do not hesitate to contact me if you need more information.

Isar Mostafanezhad, Ph.D.
Founder and CEO at Nalu Scientific, LLC



Statement of:
Todd J. Robertson
Hyperspective
Before the
Senate Committee on Ways and Means
Thursday, March 1, 2018
10:45 a.m.
State Capitol, Conference Room 211

In consideration of
SB48, SD2 RELATING TO TECHNOLOGY

Chairs Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee on Ways and Means.

Hyperspective **supports** supports SB48, SD2 that transfers title, control, custody, and management authority of the land under the Manoa Innovation Center (MIC), including any buildings, structures, and appurtenances situated on the land, from the University of Hawaii (UH) to the Hawaii Technology Development Corporation (HTDC) for 10 years.

Hyperspective is a digital creative agency, focused on developing cutting edge technology for communications and products within the State of Hawaii for global export. As a technology company, Hyperspective benefits from HTDC programs through infrastructure support via office space at MIC as well as business support. With the support of HTDC we have increased the revenue and size of the company by over 500%.

We have concerns about the University of Hawaii system taking over the Manoa Innovation Center facility, because we have an agreement with HTDC to manage the property. There are no legal guarantees that our agreement would be extended through the University of Hawaii. We therefore, may be forced to vacate in a short amount of time, and also lose the infrastructure support we receive from HTDC.

The larger issue is that HTDC has supported our growth by providing more than location and infrastructure support, and have been an integral piece of our **company's growth and success**.

Without HTDC, innovation and tech companies will not have an advocate, or support to assist them 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.

Termination of the HTDC lease threatens the continued existence and operation of HTDC and is a matter of statewide concern. We respectfully request correction of the defective effective date.

Thank you for the opportunity to offer these comments.



Statement of
LETIZIA DE LANNOY
Manager
Hawaii Evolutionary Development, LLC
(HIEvoDEvo)
before the
Senate Committee on Ways and Means
Thursday, March 1, 2018
10:45 a.m.
State Capitol, Conference Room 211

In consideration of
SB48, SD2
RELATING TO TECHNOLOGY

2800 Woodlawn Dr, #286
Honolulu, HI 96822
T (808) 636-3146
F (808) 988-2990
hed@evodevohi.com
FEIN 36-4683352

Chairs Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee on Ways and Means.

HIEvoDevo supports SB48, SD2 that transfers title, control, custody, and management authority of the land under the Manoa Innovation Center (MIC), including any buildings, structures, and appurtenances situated on the land, from the University of Hawaii (UH) to the Hawaii Technology Development Corporation (HTDC) for 10 years.

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.

We have a few concerns with UH taking over the facility:

- 1) What will happen with the mentorship/advising support provided by HTDC;
- 2) The conferences, talks, and contacts opportunities offered by HTDC;
- 3) Quality of the work environment and building maintenance; and
- 4) Affordability of the rent;

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 the opportunity to offer these comments.

Statement of
Tom Leonard
Owner
Televoice 2000
before the
Senate Committee on Ways and Means
Thursday, March 1, 2018
10:45 a.m.
State Capitol, Conference Room 211

In consideration of
SB48, SD2
RELATING TO TECHNOLOGY

Chairs Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee on Ways and Means.

TeleVoice 2000 **supports** SB48, SD2 that transfers title, control, custody, and management authority of the land under the Manoa Innovation Center (MIC), including any buildings, structures, and appurtenances situated on the land, from the University of Hawaii (UH) to the Hawaii Technology Development Corporation (HTDC) for 10 years.

Our company has supplied telecommunications and information technology consulting services to Hawaii companies since 1997. For the past 2 years, we have actively participated in HTDC's programs to promote economic growth in the State through support for development of an active and robust technology sector.

The incubators at the Manoa Innovation Centers and the Maui Research & Tech Center, administered by HTDC are one of the major resources available to entrepreneurs to safely navigate the early stages of bringing their businesses to full commercial reality. Fundamental to the successes of the incubator program is the set of services that HTDC provides to support client business development. By taking over the operation of the Manoa facility and claiming the rents paid by the tenants, UH is denying HTDC the funds needed to continue operating its programs. At the same time, UH is unable to guarantee the continuity of these programs.

In our experience, many entrepreneurs have a keen understanding of the products and services they wish to supply, but lack the practical business experience needed to bring their ideas to fruition. HTDC, through its programs of workshops, grants, community building efforts, legislation and sponsorships successfully addresses this need. Most importantly, through HTDC's mentorship program, MIC clients have access to a group of seasoned business professionals with real-world business management experience to support them through their early stages of development and beyond.

« Recipient's Name »

February 28, 2018

2

« Subject »

Termination of the HTDC lease threatens the continued existence and operation of HTDC and is a matter of statewide concern. We respectfully request correction of the defective effective date. Thank you for the opportunity to offer these comments.

SB-48-SD-2

Submitted on: 2/27/2018 11:43:30 AM

Testimony for WAM on 3/1/2018 10:45:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Brittany Heyd	Testifying for Mana Up Labs, LLC	Support	No

Comments:

Statement of

Brittany Heyd

Partner

Mana Up

before the

Senate Committee on Ways and Means

Thursday, March 1, 2018

10:45 a.m.

State Capitol, Conference Room 211

In consideration of

SB48, SD2

RELATING TO TECHNOLOGY

Chairs Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee on Ways and Means.

Mana Up **supports** SB48, SD2 that transfers title, control, custody, and management authority of the land under the Manoa Innovation Center (MIC), including any buildings,

structures, and appurtenances situated on the land, from the University of Hawaii (UH) to the Hawaii Technology Development Corporation (HTDC) for 10 years.

Mana Up is an initiative to build Hawai'i's next 100 multi-million dollar product companies. Mana Up has a 12-week accelerator program offered biannually to enable Hawai'i product entrepreneurs to scale their businesses. Mana Up's title partner is Kamehameha Schools, its exclusive airline partner is Hawaiian Airlines, joined by partners Ulupono Initiative, American Savings Bank, Castle & Cooke/Dole Plantation, Hawaii Technology Development Corporation (HTDC) and INNOVATE Hawaii.

HTDC has been a key supporter and resource for creating high-paying, sustainable jobs here in Hawaii and has looked at innovative ways to leverage Hawaii's strengths to boost the economy locally. Mana Up's current accelerator program cohort includes 10 product companies based in Hawaii employing approximately 100 people. HTDC has facilitated technological and manufacturing initiatives critical to help products get to market and have infrastructure locally to test and scale products. It is also important for training and providing resources to business owners who often are facing new challenges as they build their companies.

Termination of the HTDC lease threatens the continued existence and operation of HTDC and is a matter of statewide concern. We respectfully request correction of the defective effective date. Thank you for the opportunity to offer these comments.



Written Statement of
Robbie Melton
Executive Director & CEO
Hawaii Technology Development Corporation
before the
Senate Committee on Ways and Means
Thursday, March 01, 2018
10:45 a.m.
State Capitol, Conference Room 211

In consideration of
SB48, SD2
RELATING TO TECHNOLOGY

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee on Ways and Means.

The Hawaii Technology Development Corporation (HTDC) **supports** SB48, SD2 that transfers title, control, custody, and management authority of the land under the Manoa Innovation Center (MIC), including any buildings, structures, and appurtenances situated on the land, from the University of Hawaii (UH) to the Hawaii Technology Development Corporation (HTDC) for 10 years.

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.

We humbly ask that you include the following language in the bill: "This bill is identified as affecting a matter of statewide concern." We respectfully request correction of the defective effective date. Thank you for the opportunity to offer these comments.



Senate Committee on Ways and Means

Thursday, March 1, 2018 at 10:45 a.m.

State Capitol, Conference Room 211

Senator Donovan M. Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair

In consideration of
SB48, SD2
RELATING TO TECHNOLOGY

DevLeague **supports** SB48 SD2 that transfers title, control, custody, and management authority of the land under the Manoa Innovation Center (MIC), including any buildings, structures, and appurtenances situated on the land, from the University of Hawaii (UH) to the Hawaii Technology Development Corporation (HTDC). Prohibits final execution of the conveyance until 7/1/2019. Returns title, control, custody, and management authority of the land, including any buildings, structures, and appurtenances situated on the land, to the University of Hawaii on 6/30/2029.

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 C. Cheng".

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



Statement of
Adelheid Kuehnle
CEO
Kuehnle AgroSystems Inc.
before the

Senate Committee on Ways and Means
Thursday, March 1, 2018
10:45 a.m.
State Capitol, Conference Room 211

In consideration of
SB48, SD2
RELATING TO TECHNOLOGY

Chairs Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee on Ways and Means.

Kuehnle AgroSystems Inc. supports SB48, SD2 that transfers title, control, custody, and management authority of the land under the Manoa Innovation Center (MIC), including any buildings, structures, and appurtenances situated on the land, from the University of Hawaii (UH) to the Hawaii Technology Development Corporation (HTDC) for 10 years.

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.

The point of the MIC is to serve small innovation companies. Whoever runs it needs to have this mission in mind.

- HTDC has been successfully carrying 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., all 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 managing MIC facilities to the level required for high tech businesses.
- 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



2800 Woodlawn Drive
Suite 281
Honolulu, Hawaii 96822
808.469.4181
<http://www.kuehnleagro.com>

facility's professional aura, cleanliness and upkeep. When investors and strategic partners visit us at MIC, they are favorably impressed.

- HTDC demonstrates upkeep of MIC, and valued flexibility for changes concerning the physical plant. The high quality and flexibility of the MIC facilities is very important. If monetizing assets is prioritized over mission, it is easy to see how upkeep of MIC would suffer under other organizations.
- MIC's location allows our business to employ UH student help, collaborate with UH faculty, and use UH analytical services. The combination of MIC's proximity to the UH Manoa campus and having the HTDC reside on site is ideal for small innovation companies such as ours.

Without this bill, the alternative is for MIC to be run by the University of Hawaii. UH has stated publically that a major reason for an MIC takeover is to monetize its asset. This contrasts with that of HTDC, which serves to fulfill the mission of supporting innovation businesses. This is a real concern. With a well thought-out plan in hand, there is no reason in the future that landowners, stakeholders and state agencies cannot work together to serve the innovation business community even better.

Termination of the HTDC lease threatens the continued existence and operation of HTDC and is a matter of statewide concern. We respectfully request correction of the defective effective date. Thank you for the opportunity to offer these comments.



SB-48-SD-2

Submitted on: 2/27/2018 4:18:31 PM

Testimony for WAM on 3/1/2018 10:45:00 AM

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

Comments:

SB-48-SD-2

Submitted on: 2/28/2018 8:57:13 AM

Testimony for WAM on 3/1/2018 10:45:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	Testifying for OCC Legislative Priorities Committee, Democratic Party of Hawai'i	Support	No

Comments:

**PRESENTATION OF THE
OAHU COUNTY COMMITTEE ON LEGISLATIVE PRIORITIES
DEMOCRATIC PARTY OF HAWAI'I**

TO THE COMMITTEE ON WAYS AND MEANS

THE SENATE

TWENTY-NINTH LEGISLATURE

REGULAR SESSION OF 2018

Thursday, March 1, 2018

10:45 A.M.

Hawaii State Capitol, Conference Room 211

RE: Testimony in Support of **SB48 SD2**, RELATING TO TECHNOLOGY

To the Honorable Donovan M. Dela Cruz, Chair; the Honorable Gilbert S.C. Keith-Agaran, Vice-Chair, and Members of the Committee on Ways and Means:

Good morning, my name is Melodie Aduja. I serve as Chair of the Oahu County Committee ("OCC") Legislative Priorities Committee of the Democratic Party of Hawaii. Thank you for the opportunity to provide written testimony on Senate Bill No. **48 SD2**, relating to Manoa Innovation Center; University of Hawaii; Hawaii Technology Development Corporation; and 2800 Woodlawn Drive.

The OCC Legislative Priorities Committee is in favor of Senate Bill No. **48 SD2** and support its passage.

Senate Bill No. **48 SD2** is in alignment with the Platform of the Democratic Party of Hawai'i ("DPH"), 2016, as it transfers title, control, custody, and management authority of the land under the Manoa innovation center, including any buildings, structures, and appurtenances situated on the land, from the University of Hawaii to the Hawaii technology development corporation; prohibits final execution of the conveyance until 7/1/2019; and returns title, control, custody, and management authority of the land, including any buildings, structures, and appurtenances situated on the land, to the University of Hawaii on 6/30/2029.

Specifically, the DPH Platform states, "We recognize that the responsible use and development of technology in all its manifestations offers immense potential for our community, government, including institutions of higher education and business sectors. We encourage synergistic research, development, commercialization and educational programs to promote technological proficiency and innovation. In particular we support Science, Technology, Engineering and Math (STEM) initiatives in our public, private and charter schools as these prepare the next generation to address the needs of our state. We also support programs that facilitate incubator, i.e. start-up, opportunities for new and promising technologies, and encourage the local retention of our intellectual resources. (Platform of the DPH, P. 3, Lines 149-156 (2016)).

Given that Senate Bill No. **48 SD2** transfers title, control, custody, and management authority of the land under the Manoa innovation center, including any buildings, structures, and appurtenances situated on the land, from the University of Hawaii to the Hawaii technology development corporation; prohibits final execution of the conveyance until 7/1/2019; and returns title, control, custody, and management authority of the land, including any buildings, structures, and appurtenances situated on the land, to the University of Hawaii on 6/30/2029, it is the position of the OCC Legislative Committee to support this measure.

Thank you very much for your kind consideration.

Sincerely yours,

/s/ Melodie Aduja

Melodie Aduja, Chair, OCC Legislative Priorities Committee

Email: legislativepriorities@gmail.com, Text/Tel.: (808) 258-8889

DECLARATION OF SAUL LARNER, Ph.D., LL.M.,MBA IN SUPPORT OF HTDC
OPPOSITION TO THE SB48

I, Saul Larner declare:

1. I am a tenant of HTDC and make the following statements in support of their opposition to the above captioned SB48 bill.
2. On or about October 1, 2017, I leased the office at 590 Lipoa Parkway, Suite 217, Kihei, HI 96753 vis-à-vis Collier, their management firm. We are global mediators and a portion of our practice involves patent infringement, and business succession for technology firms and our motive initially was to further capture the market with exposure to the other tenants. As part of the admission process, I prepared a powerpoint presentation, which is attached as a separate file and annexed heretofore as part of this declaration. (EXHIBIT 1)
3. We learned almost immediately, almost too good to be true, that there were so many more important values we achieved as a result of our tenancy. With the ubiquities of complexities in the Hawaii business climate, there is nothing that can withstand the rigor of empirical assessment as a well thought out and co-ordinated effort of a government affiliated entity which goes as unparalled as the HTDC.
4. Therefore, I would like to state herein what this incubator driven features has done for me so far.

A. BRINGS COMPANIES INTO HAWAII--INFRASTRUCTURE

I personally had a thought to move to Maui as my son, wife, and young grandchildren built a house in Haiku Ranch Estates and I am family oriented. I expected that the move and setting up a new office would be too daunting of a task. To my surprise, through the facilities of the HTDC, there was no contest. My approach is "This is too good to be true. Why give it up". I immediately planned to move here.

From that moment, I was always totally at ease. My interior designer on the mainland prepared renderings of an office layout and when my furniture arrived, Denise Wigmore put it under lock and key with 100% efficiency. She handled all the details and made me feel very welcome in the building. This is significant in that it makes all of the other benefits to potential firms moving in ring loudly. I take great pride in my office and I often think back with appreciation when I find that my practice advanced as a result of her kind efforts. He was there to get the technology codes set up so my computers and wireless printers were up and running immediately.

B. BRINGS COMPANIES HERE BY EASE OF MARKETING

The seminar, conference rooms and video conferencing rooms go a long way. As a mediator, I need to put disputants in separate rooms. Other firms, of course, need to use temporary rooms along with their normal office space. Combined with parking facilities and as needed, assistance in setting up the temporary facilities with tools, equipment and food goes a long way. The set-up is so cost effective that I may give seminars repeatedly, which helps my business prosper.

To prove my point, I am herewith citing the following example. I had returned to the mainland to prepare to move to Maui. In my office were two of the most high profile attorneys in the legal profession. I told them that the opportunity to occupy the above captioned premises, was in a way like a joke because notwithstanding the facilities and services, the moral and emotional support by the HTDC was so pronounced. Based on such enthusiasm, they both strongly suggested that we conduct seminars in both Maui and at the center in Honolulu.

One attorney is Michael Homeier who is the top EB-5 attorney in the country. He was responsible for the \$350 million Marriott-Ritz Carlton project in downtown Los Angeles. The second was David Johanson, a senior partner of Hawkins, Parnell, Thatcher and Young. He is the top ESOP attorney, which is so important on the technology platform and just prevailed in a case over \$100 million.

What this means to Hawaii is that Michael Homeier will be back often to conduct seminars and this will bring in foreign money which businesses here need, as a foreign investor must invest \$500,000 in order to get a green card with the EB-5 program. This resource would not be had it not been for the resources of the HTDC. The message is repeated with David Johanson who will be going through great lengths in his professional efforts which will not bring in firms to Hawaii, but to help sustain the present business firms.

The facilities have helped me further my marketing efforts. For example, at the Honolulu seminar one of the attendees was Linda Jacobs, who is head of the Hawaii Bar section on alternative dispute resolution. She had planned to come for two hours as she had a busy calendar, but ended up staying all day. Our seminars are designed so in the future, many attendees will fly in from various parts of the country, and obviously focus on the potentials to move here or they would not go through the efforts to attend

C. THE GUIDANCE, MORAL SUPPORT AND ASSISTANCE OF THE HTDC STAFF.

The infrastructure is clearly much more than brick and mortar. Being new in Hawaii, I had a concern of complying with the local culture and rules written and unwritten. I was advised to make an appointment with Wayne Wong. I was pleasantly surprised to find that he was more knowledgeable in marketing than anyone I ever met. In addition, his creative ability to develop solutions is very inspiring. He zeroed in on exactly what I needed to do and helped me to take my practice up several notches. I have case files which prove that his professionalism has taken me to higher heights. In addition, his office is very eager to please. If I have a client in my office and need Wayne's advice, his office does their best to make him available immediately. Their office sincerely takes great pride in helping the tenants.

D. THE OFFICE BUILDING RADIATES PRESTIGE

Certainly the building in itself is no valid reason for the opposition to be granted, but there is merit in considering the following. An incubator tenant needs various tools to be successful. In Maui, the research and technology park has more prestige than all of the other buildings. It is in the best location. Parking is ample and normal parking fees would deter many clients from coming. In addition, the landscaping and adjacent golf course are valued amenities, especially when clients come in from various parts of the world. This adds to enhanced growth of the technology firms.

CONCLUSION

Success on the incubator platform is like a 3 legged stool. The first leg is the infrastructure. The second is the facilities and the third is the support system which is provided by Collier and more specifically Denise Wigmore. If you take away any of the legs of the stool, the stool will collapse.

The above salient facts clearly reflect the past and present success of the incubator program which cannot be as effective with an alternate model. Part of the government roles in furthering the prosperity of Hawaii requires the technology firms which this program effectively attracts, and there is sufficient documentation per our interfacing with high profile firms that clearly the efforts of the HTDC will enhance the job market.

It is not debated that the University of Hawaii can use the space wisely. However, the results of the program to create jobs and bring in financial resources into the community will amplify rapidly.

I declare that the above statements are made in the State of Hawaii under the penalties of perjury. Further that this word document as communicated through this website will regard this submission as an original document and signed.

Saul Larner, Ph.D., LL.M., MBA

February 8, 2018

