



NATURAL ENERGY LABORATORY OF HAWAII AUTHORITY

An Authority of the State of Hawaii attached to the Department of Business, Economic Development & Tourism



**BOARD OF DIRECTORS
DRAFT MEETING MINUTES
Tuesday, August 25, 2020
10:00 a.m.**

An Interactive Conference Technology Meeting was held via Zoom.

Members / Designees in Attendance

Linda Rosehill (Governor Appointee / Chair)
Mike McCartney (DBEDT Director)
Robert Masuda (DLNR)
Dr. Gerry Cysewski (Tenant Representative)
Neil Sims (Tenant Representative)
William Mielcke (Gov. Appointee / Vice Chair)
Dr. Vassilis Syrmos (University of Hawaii)
Dr. Phil Bossert (RAC Secretary)
Cyd Miyashiro (Gov. Appointee)
Diane Ley (County of Hawaii)

Guests / Staff Present

Greg Barbour (NELHA Executive Director)
Laurence Sombardier (NELHA Deputy Director)
Keith Olson (NELHA)
Dr. Alex Leonard (NELHA)
Jan War (NELHA)
Daniel Jacobs (Deputy AG)
Richard Jones (Blue Ocean Mariculture CEO)
Robin Coonen (Blue Ocean Mariculture CFO)

Board Members Not Attending / Absent

Alan Hilton (RAC Chair)

1. Call to Order.

The meeting was called to order by Chair Rosehill at 10:05 a.m. Upon calling the meeting to order, Chair Rosehill requested a roll call of board members, NELHA staff, and guests in attendance.

2. Old Business.

- a. Discussion and Decision-Making regarding final approval for the sale of the building previously owned by Hawaii Deep Marine Incorporated and lease of the 4.5-acre property to Blue Ocean Mariculture LLC/Keahole Point Provisions LLC.

NELHA Deputy Director (DD) Sombardier summarized the background information provided in the Board Book concerning this agenda item and the NELHA staff recommendation for the Board to approve the sale of the building and lease of the 4.5-acre property to Blue Ocean Mariculture LLC / Keahole Point Provisions LLC. Upon presenting her summary, DD Sombardier mentioned that two Blue Ocean Mariculture representatives (CEO Dick Jones and CFO Robin Coonen) were in attendance to answer any questions.

(Director Robert Masuda joined the meeting at 10:09 a.m. and dropped out of the meeting at 10:11 a.m.)

Chair Rosehill entertained a motion to approve the staff recommendation as stated in the Board Book. Director Mielcke made the motion, which was seconded by Director Bossert.

Director Ley asked what would happen with tenants Symbrosia and Kanaloa Octopus Farms who had earlier expressed an interest in leasing the building. DD Sombardier indicated the Kanaloa has been significantly impacted by the pandemic and needs to delay their expansion plans at this time. Nevertheless, Kanaloa is still eager to expand their business and NELHA is looking for an alternative site for them. Symbrosia is in conversation with Sea Salts of Hawaii who took over the Mera Pharmaceuticals property. This property is a former microalgae facility that is suitable for Symbrosia's purposes.

NELHA Executive Director (ED) Barbour clarified that after receiving final approval from the Board to lease the HDMI facility, Kanaloa reconsidered and decided not to proceed. NELHA at that time sought another buyer for the building. One possibility had been to create a small business park where Kanaloa, Symbrosia and others should lease space. NELHA is currently looking at other potential sites where Kanaloa can expand their business.

(Director Masuda rejoined the meeting at 10:17 a.m.)

Director Ley then asked for clarification as to how BOM plans to recycle the fish waste in particular with respect to the containment system. BOM CEO Dick Jones indicated that they are planning to use a system called "Ecodrum", which they feel will be adequate for

the quantity of waste they plan to generate. Mr. Jones went on to say they are also exploring other options.

Chair Rosehill asked the applicant (BOM), if there was anything else that they wanted to add. BOM CEO Jones thanked the Board for entertaining their offer, then went on to say that they are excited to be at NELHA. Mr. Jones joined the BOM Board last year and has a long history with Kanpachi. BOM's plan is to continue to expand and to see a growth in local jobs, integrating themselves more in the community, and continuing to produce a quality fish for the market.

Being that there were no other questions, Chair Rosehill asked for a roll call vote on the motion. Director Masuda asked for and was given a clarification of the motion on the table by Chair Rosehill. ED Barbour then proceeded to call the names of the Board members present to obtain each of their votes. As tenant representatives, Directors Cysewski and Sims both recused themselves from voting. Chair Rosehill indicated that the vote was unanimous, with two recusals.

(At 10:23 a.m. BOM guests Dick Jones and Robin Coonen thanked the Board and left the meeting)

3. New Business.

- a. Discussion and Decision-Making regarding proposed Memorandum of Understanding between NELHA, Department of Hawaiian Homelands and Hawaii Housing Finance Development Corporation for Water Allocation from the Ota Well.

ED Barbour presented the Board members with the background information provided in the Board Book. Staff recommends that the Board approve the attached draft MOU with HHFDC and DHHL for water allocation to DHHL. Staff also recommends that the NELHA Executive Director be authorized to make minor modifications to the draft document in consultation with HHFDC and DHHL, and with approval from the NELHA Deputy Attorney General.

Upon completing the background information presentation on this matter, Chair Rosehill entertained a motion to accept the staff recommendation as contained in the Board Book. Director Mielcke made the motion to do so, which was seconded by Director Bossert.

During the discussion period Director Masuda pointed out a typographical error in the last sentence of the summary concerning this use of the acronym DHLL, which should have been DHHL.

Chair Rosehill asked whether consideration was given to the agriculture park across from NELHA and whether it would potentially receive a portion of the water allocation from the well. Chair Rosehill noticed that DOA is not part of the present allocation agreement. ED Director indicated that after the 2.69% is allocated to DHHL, the remainder would be split between HHFDC and NELHA.

Chair Rosehill asked if there was any way the agriculture park could receive any part of the allocation. ED Barbour indicated that he did not think this was possible under the present terms of the MOU. Since NELHA is helping to develop and fund the well they and HHFDC will be receiving the water credits. ED Barbour went on to say that he felt NELHA was fortunate to have worked out a partnership agreement with HHFDC. Since NELHA will be paying for the development of half a well, NELHA will receive half of the water credits from that well.

ED Barbour went on to indicate that NELHA is still proceeding with requesting CIP funds to develop a non-potable well and it is likely that the DOA agriculture park would be a big participant in that well development. Director Masuda agreed that this well development would be more appropriate for the agriculture park.

Chair Rosehill asked if there were any further questions or comments. Hearing none, ED Barbour proceeded with a roll call vote of the motion on the table. The vote was unanimous, and the motion to enter into a Memorandum of Understanding (MOU) to allocate water from the Ota well to DHHL as described and authorize ED Barbour to make minor modifications to the draft document in consultation with HHFDC and DHHL, and with approval from the NELHA Deputy Attorney General was approved.

4. Announcements.

Chair Rosehill asked if there was a schedule for the next Board meeting. ED Barbour indicated that the next meeting is tentatively scheduled for the third Tuesday in September and it is likely that meeting would be in the same format (i.e. Interactive Conference via Zoom). A "Flash Report" will be issued soon to bring the Board up to date with the current situation considering the COVID-19 matter.

There were no other announcements.

5. Adjournment.

Chair Rosehill entertained a motion to adjourn the meeting. The motion was made by Director Mielcke and seconded by Director Bossert. A verbal vote was taken on the motion, which passed unanimously.

The meeting was adjourned by Chair Rosehill at 10:36 a.m.