



# 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  
MEETING MINUTES  
Tuesday, October 18, 2022  
1:00 p.m.**

**An Interactive Conference Technology Meeting was held at**

**NELHA Oceanview Conference Room  
Hale Iako Building  
73-970 Makako Bay Drive  
Kailua-Kona, HI 96740**

**and via Zoom Video Conferencing Software.**

**Members/Designees in Attendance**

Cyd Miyashiro (Gov. Appointee/Chair)  
William Mielcke (Gov. Appointee/Vice Chair)  
Noe Kalipi (Gov. Appointee)  
Scott Glenn (DBEDT)  
Robert Masuda (DLNR)  
Doug Adams (County of Hawaii)  
Alan Hilton (RAC Chair)  
Neil Sims (Tenant Representative)  
Dr. Phil Bossert (RAC Secretary)  
Dick Jones (Tenant Representative)

**Guests/Staff Present**

Greg Barbour (NELHA)  
Laurence Sombardier (NELHA)  
Faustine Edge (NELHA)  
John Cole (AG)  
Kimberly Beckwith, eXp Realty  
Zoe Lescaze, public attendee

**Board Members Not Attending and Excused**

Bernice Glenn (HTDC)  
Dr. Vassilis Syrmos (University of Hawaii)

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- **Item 1. Call to Order.**

The meeting was called to order by Chair Cyd Miyashiro at 1:05 p.m. Reference to Act 220.

Chair Miyashiro asked Executive Director (ED) Barbour for a roll call of Board members and NELHA staff.

**Director Scott Glenn joined at 1:08 p.m.**

- **Item 2. Old Business. Discussion and Decision-Making regarding Purchase of a Building from Destiny Deep Seawater LLC at HOST Park to serve as an Office Building and Incubator.\***

Chair Miyashiro asked ED Barbour and Deputy Director (DD) Sombardier to present this item.

ED Barbour summarized that on April 19, 2022, the NELHA Board of Directors (BOD) approved the Staff request to issue a "Request for Proposals" (RFP) from qualified parties (Sellers) to purchase a building and associated facilities to serve as an incubator site for projects at HOST Park. On July 19, the BOD approved the purchase of Destiny building and assets currently located on a 3.084-acre site they are leasing from NELHA for \$4.75 million. An approval to utilize FEMA funds for this purchase has been received from FEMA and a draft Purchase and Sale Agreement has been prepared.

NELHA is seeking final approval to complete the purchase of the building and other assets located on the 3.084-acre site leased by Destiny Deep Seawater LLC (Destiny).

NELHA requested and received approval from FEMA on October 6, 2022, to utilize the \$3.447 million grant to purchase the Destiny building. NELHA will be utilizing these funds along with a portion of the insurance proceeds which have been already received to make the purchase.

**Director Noe Kalipi joined at 1:12 p.m.**

An earnest money deposit of 10% (or \$475,000) will be due within two weeks of acceptance of the PSA. The rest of the funds will be due within four weeks of the acceptance date. NELHA is aware of a significant amount owed to the County for real estate taxes. This amount and any other amounts owed by Seller will be covered at the time of cash disbursements by the title company. NELHA has worked with Destiny to create a list of equipment that will be removed from the premises within 60 days of

closing. Should Destiny fail to remove that equipment, \$250,000 remaining in escrow and will be returned to NELHA.

Because NELHA is buying a building from a company, we must comply with the State's procurement rules. Destiny Deep Sea is still in the process of completing their Hawaii Compliance Express (HEC), and they must get clearance from: Hawaii State Department of Taxation, Department of Labor Industrial Relations, Consumer Affairs Agency and Internal Revenue Service. They have received three of the four required clearances. Their clearance from Hawaii State Department of Taxation involves a name change made years ago, and that has been troublesome for them.

ED Barbour turned over this item to DD Sombardier for additional comments. DD Sombardier added that the terms and conditions for the sale have been agreed upon and drafted into a standard Commercial Property Purchase and Sale Agreement (PSA) based upon the Hawaii Association of Realtors' boiler plate. This document has been reviewed by NELHA AG and language unacceptable to the State has been removed.

DD Sombardier noted that we drafted the presented sales draft with dates assuming we would have compliance by last Friday (October 14, 2022), those dates will change based on when full compliance is obtained, and the documents have been signed.

Director Masuda summarized his understanding that NELHA assets which were impacted by the eruption at Puna Geothermal are being transferred to NELHA's campus in Kona. The BOD was waiting for FEMA approval which has been received, and now due diligence is being completed. ED Barbour confirmed Director Masuda is correct and thanked him for his summary.

Director Masuda moved to approve this lease going forward pending completion of all the requirements of the State of Hawaii. Director Adams seconded the motion with an amendment to include that all requirements of the State are met by the seller. Director Kalipi asked for confirmation this motion is for purchase of the building, and Director Masuda asked if it will come from Special Funds. ED Barbour confirmed both questions. ED Barbour then asked if Kimberly Beckwith had any other comments to add, and she expressed she had nothing else to add, that everything was covered. ED Barbour suggested that the recommendation language be changed to "NELHA Executive Director or the DBEDT Director" because his delegation for this larger amount was currently in process. DD Sombardier added that there may be additional documents between NELHA and the escrow company. Director Masuda agreed to the necessary changes to his motion.

Director Bossert asked if because the Destiny building is on land leased from NELHA, will it require any other action to cancel or reassume the lease? ED Barbour

responded we don't need board approval to terminate a lease for cause. In this case, we would terminate the lease by letter.

Director Hilton asked if this asset was appraised as a leasehold improvement since the land is not involved. ED Barbour responded that the board discussed the appraisal at the July 19 board meeting. DD Sombardier remarked that the professional appraiser included this aspect in his appraisal.

Chair Miyashiro asked if there are any other liens on the property, assuming a preliminary title report was pulled. Ms. Beckwith confirmed they pulled a preliminary title report and because the lease was never recorded with the State, there are no liens attached. ED Barbour reported Destiny is current on rent with NELHA.

Chair Miyashiro asked for any other discussion from the board. Hearing none, Chair Miyashiro asked for any comments from the public. ED Barbour confirmed public attendee, Zoe Lescaze, left the meeting.

Chair Miyashiro noted the motion from Director Masuda to approve the purchase of the building and delegated authority to the NELHA Executive Director and DBEDT Director to execute all documents related to the purchase documents. Director Kalipi seconded. There were no other objections, and the building purchase was approved as presented (10-0).

- **Item 3. Announcements.**

Chair Miyashiro noted that our next meeting is scheduled for Tuesday, November 15, 2022 at 10:00am. ED Barbour added there might be a conflict that date at our normal 10:00am meeting time and we will most likely move the meeting to 1:00 p.m.

- **Item 4. Adjournment.**

Chair Miyashiro adjourned the meeting at 1:27 p.m.

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