

PISCES Board of Directors Meeting Minutes

12 January 2016

1:30 p.m. Hawaii Standard Time

I. Call to Order/Roll Call:

A quorum being present, the meeting was called to order by PISCES Board Chairperson, Henk Rogers.

Other members in attendance included:

Robert Kelso, Vice Chairperson

Governor George Ariyoshi

Hoyt Davidson

Mary Alice Evans (representing the Director of DBEDT)

Galen Ho

Also in attendance:

Office of Aerospace Development: Jim Crisafulli and Jeff Pang

Deputy Attorney General Gregg Kinkley

PISCES staff: Polly Roth, John Hamilton

State Senator Will Espero

II. Approval of meeting minutes:

Board Meeting – November 16, 2015: Draft minutes were circulated prior to the meeting. Ms. Evans made a motion to accept the November 16, 2015 minutes as submitted. Mr. Ho seconded the motion, and the Board voted unanimously to accept the minutes.

III. Information – Calendar 2015 in review and forward look to 2016:

Executive Director Kelso presented a report on PISCES activities in calendar 2015, provided status of ongoing projects and gave a brief description of 2016 projects including: completing the landing pad apron; the hot fire engine test on the ACME VTVL pad; completing rover computer and software upgrades; delay and disruption-tolerant networking (DTO) testing; mission control interface test with the rover; a possible ice cave robotics mobility demo; the basalt sidewalk analysis and report; possible SBIR for research in paver bonding; MoonRIDERS vacuum chamber image testing at KSC and EDS payload integration and contract, and; laser communication engineering study.

IV. Information – Update on FY16 expenditures:

Ms. Roth provided information on projected total FY16 expenditures and projected cash that will be carried into FY17. Total funds available for FY16 operating expenses are \$874K, cash requirements for the same period are projected to be \$712K, resulting in projected cash carried out to FY17 of \$162K. Although projected to carry operations through September 2017, \$162K will likely not carry PISCES through to arrival of FY17 funds if they arrive in December as in past years.

V. Information – Update on FY17 Governor’s budget submissions and gap funding coverage:

Mr. Kelso reported that only \$250K of the \$1.133M supplemental request, in addition to the \$400K already in the FY17 budget for PISCES operations, was included in the Governor’s FY 17 Supplemental Budget Request. The \$669K request for emergency “gap” funding was denied. If the Legislature approves the request for the additional \$250K, the total FY17 PISCES funding will be \$650K.

Mr. Kelso noted that while PISCES can operate for 12 months on \$650K by reducing to a skeleton crew, eliminating the student intern program and reducing travel and project costs, the program is still faced with the projected cash flow gap until FY17 funds are available for use. PISCES funds generally do not become available for expenditure by the program until December, the sixth month of the fiscal year. While there is a projected carry-over of funds from FY 16 into FY17 of about \$162K, these funds will not last until December 2017. The challenge becomes to cover the funding gap of about two months of operations.

Possible mitigation strategies for covering the funding gap were discussed, including seeking allocation of the remaining \$30K of the FY16 appropriation, seeking an emergency appropriation through a Governor’s budget message, exploring possibilities for speeding up the process for approval to allocate and contract with RCUH and looking for ways to decrease even the bare bones budget.

VI. Discussion – Legislative action for FY17:

Mr. Kelso initiated the discussion by noting that there was legislative interest in introducing a bill for engineering studies for basalt rebar. Mr. Kelso also reminded the Board that while there is \$650K in the Governor’s FY17 budget for PISCES operations, there remain the issues alluded to in earlier agenda items; the funding gap and the reduced level of activity that can be funded with \$650K. Mr. Kelso inquired whether the Board should consider: seeking an emergency appropriation from the Governor to cover the funding gap, and; seeking a sponsor to introduce a supplemental funding bill for PISCES operations, even though the original approach was to seek all FY17 funding through the Governor’s budget.

General discussion ensued including consideration of the following questions:

- Are there Federal funds that are available for the support of PISCES operations in FY17?
- What are the chances that the heretofore unallocated \$30K of the FY16 appropriation will be allotted and help to cover the funding gap?
- Is PISCES fulfilling the purpose described in Act 169 SLH 2012?

Senator Will Espero entered the discussion expressing the opinion that the PISCES focus should be on economic development, implementing a business-to-business model rather than the current applied research model. In the ensuing discussion, concerns were raised about the lack of an overarching strategy of economic development for aerospace in Hawaii, the adverse business conditions in the state, and the lack of incentives that would attract new aerospace businesses.

Senator Espero stated that he is considering introducing a bill to revise current PISCES legislation in order to clarify OAD and PISCES functions, perhaps reorganizing OAD and PISCES

to maximize effectiveness. He invited PISCES Board members to contact him directly to make suggestions for changes to the existing statute.

Given Senator Espero's feedback that even in reorganizing OAD and PISCES, increased funding for FY17 operations through legislative channels was highly unlikely, the board decided not to revisit the question of seeking a sponsor to introduce a supplemental funding bill for PISCES.

VII. Executive session – Discussion and action on personnel matters relating to projected funding gap in early FY17:

The Board entered into Executive Session to discuss personnel matters relating to the projected funding gap in early FY17. No final decisions were made.

VIII. Schedule next Board meeting and Adjourn:

PISCES staff will circulate a poll to find a convenient time for the next meeting, most likely to be held in April. The meeting was adjourned at 3:56 pm, HST.