

## **PISCES Board of Directors Meeting Minutes**

19 May 2015

11:00 a.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:

Hoyt Davidson

Mary Alice Evans (representing the Director of DBEDT)

Galen Ho

Rob Kelso

Governor Ariyoshi (arriving at about noon, before the Executive Session began)

Also in attendance:

Gregg Kinkley, Deputy Attorney General, State of Hawaii

Jim Crisafulli, Office of Aerospace Development

PISCES staff: Polly Roth

Member(s) of the public

### **II. Approval of meeting minutes:**

Board Meeting – March 10, 2015: Draft minutes were circulated prior to the meeting. Ms. Evans made a motion to accept the March 10, 2015 minutes as submitted. Mr. Ho seconded the motion, and the Board voted unanimously to accept the minutes.

### **III. Discussion and Action on Executive Director's travel, May 26, 2015 – July 8, 2015:**

PISCES Executive Director Kelso presented a plan for site visits to strategic partners in the Houston area, Washington DC, and Orlando, Florida in the time period from May 26, 2015 through July 8, 2015. Approximate cost of this travel is \$3,000. Board discussion focused on the value of this activity being conducted on a regular basis, balanced by concerns about the near-term financial circumstances. The Board deferred decision on this item until after agenda items IV, V and VI, which provided up to date financial information, were concluded. At that time, Mr. Ho made a motion to approve the Executive Director's travel to the Houston area, Washington DC, and Orlando, Florida, from May 25, 2015 through July 8, 2015. Governor Ariyoshi seconded the motion. The Board voted unanimously to approve the executive director travel, with Ms. Evans voting yes with strong reservations, due to her desire to conserve operating funds to prevent the PISCES program from having to lay off staff before the end of FY 16.

### **IV. Discussion and Action on PISCES FY15 budget:**

Appropriation update: Ms. Roth briefed the board on the status of the \$900K appropriated to PISCES in the FY15 budget, noting that there has been an additional \$50K spending restriction (total \$160K), reducing the full amount available from \$900K to \$740K.

She noted that PISCES has submitted a request to release restricted funds in the amount of \$81,311, and should hear before June 30 whether the Governor will approve the request.

FY15 Expenditures YTD: Ms. Roth presented expenditure reports for the period July 1, 2014 through April 30, 2015 showing \$638,859 in total expenditures, of which \$483,186 were expended for personnel costs, \$134,069 for non-labor operations costs, and \$21,604 in overhead.

Revised FY 15 budget:

Ms. Roth presented a revised FY 15 budget for the sixteen months between July 1, 2014 and October 31, 2015, that takes into account the \$160K restriction. PISCES staff noted that while the board may revise the budget in the near future as a result of the board's deliberations on various scenarios for operations in FY16, the revised FY 15 budget would function as an interim budget, with a \$50K reduction. It will allow spending up to \$1,160,638, a number \$50K lower than the budget approved on February 26, 2015.

The proposed revised budget total is \$1,160,638, of which \$865,000 is for personnel costs, \$256,389 for non-labor operations costs and \$39,249 for overhead. Mr. Kelso made a motion to accept the revised budget as presented. Mr. Ho seconded the motion, and the Board voted to accept the revised budget. Ms. Evans abstained from voting, stating that she feels that the proposed FY 15 budget does not conserve funds in order to avoid the need to lay off PISCES staff before the end of FY 16 due to the Legislature's adoption of a PISCES budget of \$400K for FY 16.

**V. Discussion and Action on PISCES-related bills passed by the 28<sup>th</sup> Hawaii State Legislature:**

Executive Director Kelso provided an update on the PISCES-related bills and the outcome of the Legislative Session.

- SB1158, Special Fund Designation – passed.
- SB671, Basalt Rebar Engineering Study – did not pass. SB1001 Relating to Manufacturing appropriated funds to the High Tech Development Corporation to make grants to businesses up to \$100K on private investments of \$500K.
- HB1282, Laser Communications – did not pass. This makes it very important to assure a NASA commitment of a dollar for dollar match in order to encumber the FY15 Laser Communications appropriation of \$250K (less any restriction) prior to June 30, 2015.
- SB672, PISCES Operations and CIP – CIP funds of \$8.5M were appropriated in HB-500 to the state Department of Labor and Industrial Relations (not DBEDT) for a multi-purpose workforce development center in Hilo; a \$1.97M supplemental request for PISCES operations did not pass.
- Total new funds for PISCES operations in FY16 is \$400K and \$400K for FY 17, far below the amount needed to continue the current level of operations or grow the program.

Executive Director Kelso posed a three-fold strategy in response to the Legislature's actions. 1) Survive FY16 by finding a way to "close the funding gap" until FY17 funds arrive (estimated November 2017); 2) Ask DBEDT to add sufficient funds for PISCES operations

within its FY17 baseline budget, with minimal-to-no supplemental funding bill request necessary in the FY17 cycle; 3) Validate the value-proposition and business model for PISCES.

Executive Director Kelso described four scenarios and presented budget forecasts for each scenario, pointing out that none will allow PISCES to operate beyond June 30, 2016 without an injection of funds in addition to the forecasted carry forward balance in funds (\$544K available as of 4/30/2015) plus the \$360K in new funds (\$400K allocation less a possible 10% restriction). The Board decided to take time to consider these scenarios, the going forward approach and look for other funding options for closing the gap, and will meet in June to take action on a FY 16 budget.

**VI. Executive Session: Discussion and Action on Executive Salaries and Payroll:**

Ms. Evans made a motion to go into Executive Session to discuss Executive Salaries and Payroll. Mr. Rogers seconded the motion and the Board voted unanimously to enter Executive Session. In addition to Board members, Chair Rogers asked Deputy Attorney General Gregg Kinkley, Office of Aerospace Development Director Jim Crisafulli and PISCES staff member Polly Roth to remain for the Executive Session. All others left the room. Compensation issues were discussed, all votes were unanimous.

**VII. Review/closeout of actions arising from the March 10, 2015 Board Meeting:**

In the interest of time, Chair Rogers tabled this topic until a future meeting.

**VIII. Board membership update:**

According to the list provided by i the Office of the Governor, there are three vacant positions at this time, two positions are to be filled by House Nominees and one position to be filled by a Senate nominee. In addition, Member Hoyt Davidson's term (Governor Nominee) ends on June 30, 2015. Jim Crisafulli informed the Board that there is a provision for circumstances where the Governor hasn't extended an expiring Board members term during the Legislative session, the Board member can be held over until the end of the second Legislative session (6/30/2017). Hoyt Davidson's term can be extended this way.

In order to serve on a state board of directors, interested individuals must submit an on line application through the Office of the Governor's Boards and Commissions webpage. PISCES staff will provide information on the application procedure to PISCES board members and other interested individuals on request.

**IX. PISCES staff update:**

Executive Director Kelso reported that the PISCES Public Information Officer position has been vacant since May 9, 2015. The former incumbent will return briefly to help with the PISCES STARS program in the end of June. Board members noted that the functions performed by this position are critical functions and that these should be considered in planning PISCES' forward path. Executive Director Kelso also reported that PISCES will have six interns this summer, working on Robotics and the Site Characterization projects. PISCES also plans to launch the Coop Student program in partnership with UH-Hilo this autumn semester with one coop student.

**X. Schedule next Board meeting and adjourn:**

There will be a PISCES Board meeting in June to discuss PISCES' forward approach and options for closing the funding gap. A poll will be circulated by PISCES staff to identify available dates. The meeting was adjourned at 12:48 pm, HST.

**Summary of Actions Due**

1. Board members will take time to consider budgetary scenarios, the going forward approach and look for funding options for closing the gap, prior to the June Board meeting.
2. PISCES staff will provide information on the Board membership application procedure PISCES board members and other interested individuals on request.