



SSBCI Hawaii Venture Capital Fund of Funds Investment Program FAQ's

1. What is the State Small Business Credit Initiative (SSBCI)?

On September 27, 2010, President Obama signed into law the Small Business Jobs Act of 2010 (the "Act"). The Act created the State Small Business Credit Initiative, which was funded with \$1.5 billion to strengthen state programs that support lending to small businesses and small manufacturers. The State Small Business Credit Initiative is expected to help spur up to \$15 billion in lending to small businesses. The State Small Business Credit Initiative will allow states to build on successful models for state small business programs, including collateral support programs, Capital Access Programs (CAPs) and state venture capital investment programs.

2. How much money was allocated to Hawaii and for what purpose?

The State of Hawaii was allocated \$13,168,500 under the SSBCI program. The funds were allocated specifically for the Hawaii Strategic Development Corporation's (HSDC) venture capital fund of funds investment program. HSDC is an agency of the state that has been managing the state's venture capital investment program since 1991.

3. What is HSDC's investment strategy for these funds?

HSDC will focus on earlier stage investment funds that can create deal flow for the larger, established venture capital funds the Employee Retirement System's (ERS) venture capital investment program has invested in. By complementing ERS's investment program, HSDC hopes to catalyze a broader spectrum of investment capital for Hawaii's innovation sector. Also, the earlier stage focus will allow investment managers to provide more intensive, hands-on mentoring to portfolio companies and prepare them to compete for their next round of funding.

4. What industry sectors will be targeted for investment?

Venture capital historically has targeted information technologies (IT), life sciences, health, and energy sectors. Generally, companies that can develop businesses able to compete for national and international markets will be attractive candidates. HSDC is precluded from investing in retail businesses, construction and tourism businesses.

5. What is the process for interested fund managers to apply for HSDC investment?

HSDC will not conduct a formal RFP process. Please contact HSDC with any investment proposals. The HSDC Board of Directors will review investment proposals and determine their fit with HSDC's investment program and investment portfolio.

6. How can an entrepreneur access the SSBCI funds for their small business?

HSDC will not invest directly in an operating company. An entrepreneur or small business will have to contact an investment fund that has received an HSDC investment and follow their application procedures. As this program is just being launched, there are currently no funds enrolled in the program. As funds are enrolled, they will be announced and their contact information will be available on HSDC's website, www.hsdc.hawaii.gov.

7. How can I contact HSDC and learn more about this investment program?

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