



## MINUTES OF THE LUNCHEON MEETING OF THE BOARD OF DIRECTORS

Wednesday, 11 March 2015

#1 Capitol District Building, 250 South Hotel Street, Room 436, Honolulu, HI 96813

### MINUTES

#### PRESENT

H. Brian Moore, Chair  
Danton Wong, Vice Chair  
Alan Hayashi  
Jon Wallenstrom  
Philip Bossert  
Greg Barbour for Luis Salaveria via telephone  
Alan Hilton for John DeLong

#### EXCUSED

James Moonier  
Keiki-Pua Dancil  
Craig Nakanishi

#### STAFF

Karl Fooks, President  
Lauren Primiano, Associate

#### GUESTS

Georja Skinner  
Yukiko Maeyama

- **CALL TO ORDER:** Meeting called to order by the Chairman at 12:08 PM.
- **28 January 2015 MEETING MINUTES:** Minutes were approved.
- **President Performance Evaluation:**
  - The agenda item was deferred.
- **Broadband Pilot Program:**
  - David Cunningham, Executive Director of the GVS Transmedia Accelerator, presented his proposal for a \$250,000 investment to develop a film/media broadband hub. He outlined the current limitations of operating in Hawaii with limited connectivity and the large market opportunity to provide industry players in the State with industry standard connectivity tools.
  - David outlined a strategic partnership with Sohonet, a global network provider for the film industry that would establish GVS as a network node on Sohonet with a satellite presence in Honolulu. This will allow GVS to support its accelerator portfolio companies with real time collaboration tools, provide income to the accelerator, and allow GVS to attract high-end industry clients. The proposal also would create a Telepresence video conferencing capability to allow interisland video conferencing.
  - Member Hayashi questioned whether the pilot project would be self-sustaining after the \$250,000 investment. David replied that the business model indicated that they would be able to generate revenues to return capital to HSDC and be self-sustaining. Member Wallenstrom asked about the structure of the investment and whether this would be a direct investment into GVS by HSDC, as he was interested in the mechanism to return capital back to HSDC with a return.
  - Chair Moore asked the President how this project fits in with the Administration's budget request for funding for a broadband pilot project. The President replied that the GVS proposal will be funded out of the existing HI Growth funds and will not be dependent on Legislature approval of the budget request. The GVS investment project was an effort to

develop a single broadband site first to understand the deployment issues and costs. If the budget request is approved, this effort would enable HSDC to deploy statewide at a faster pace.

- **Actions:** The members of the board unanimously encouraged the President to continue to develop the proposal, but deferred a decision on funding until the details of the investment structure and return scenario could better defined.
- **Mbloom Fund I:**
  - Arben Kryeziu, General Partner of mbloom Fund I provided an update on the fund's activities.
  - **Decisions:** The Board approved going into Executive Session at 1:00 PM to hear portfolio company updates that include confidential information about the businesses.
  - **Decisions:** The Board approved exiting Executive Session at 1:45 PM.
  - The President requested the Board to approve amending the existing partnership agreement with mbloom Fund I to enable new investors to invest in the Fund.
  - Chair Moore requested that a sanitized version of the portfolio update be entered into the Minutes.
    - Chair Moore requested an overview of the capital raised and deployed by the Fund. Arben stated that \$10 million was raised and that approximately \$2 million has been invested with \$6 million available for investment. The President explained that \$2 million will be reserved for fees and expenses over the life of the Fund.
    - Ozolio has been able to attract large travel industry clients to use its video streaming platform. Ozolio is currently in the final stages of negotiations to merge with a strategic partner and that transaction is expected to close in May 2015.
    - Flikmedia has launched successfully in Los Angeles and this has allowed Flikmedia to enter into licensing discussions for its live video chat technology with media entities. The process of getting mbloom's shares registered and listed on an exchange is in process.
    - Vantage Sports has successfully sold its analytic software to 4 NBA teams and is in discussions with 5 more. Vantage's website has attracted strong retail and industry interest in its analytics products. The company is currently raising its next round.
    - Readycart recently landed 2 clients that will allow it to start generating over \$200,000 a month in revenues over the next 12-18 months.
    - Relssued has booked \$100,000 in revenue since its launch in the first quarter. It is currently raising its next round at a step up in valuation.
    - Mbloom Fund I has attracted the interest of an influential venture capital fund that has expressed an interest to invest \$25 million into the Fund. The total target for the Fund would be \$50 million. In response to Chair Moore's question about the impact on HSDC, the President replied that HSDC would have 10% of the enlarged fund compared to 49% today.
    - Arben also outlined the important aspect of the transaction is the access to the over 700 companies as potential investors, clients or acquirers of Hawaii startups, as well as the active involvement of industry players in Hawaii startup ecosystem.
  - **Decisions:** The Board unanimously approved amending the mbloom Fund I Partnership Agreement to allow the inclusion of new investors into the Fund.
- **Blue Ventures II:**
  - The President reported that Blue Ventures II has been able to raise over \$700,000 and is now targeting \$1 million. The HSDC Board previously approved matching up to \$600,000. The President recommended that HSDC increase its match to up to \$1 million in light of the success Blue Ventures II was having in attracting private investors. HSDC funding is available from a mix of HI Growth Funds and SSBCI Funds.

- **Decisions:** The Board unanimously approved increasing HSDC's commitment to Blue Ventures II up to \$1 million, subject to firm commitments of matching private investment. Blue Ventures II will have until May 31, 2015 to raise the additional matching funds.
- **HI Growth CAN Program:**
  - The HSDC Associate provided an overview of the CAN program expenditures. The expansion in activity in the ecosystem has generated more events requesting sponsorship.
  - The HSDC Board previously approved \$50,000 for the CAN program for this fiscal year ending June 30, 2015.
  - The President said the CAN Program has been a success and the expansion in entrepreneurial activity, particularly on Neighbor Islands, should be supported. The CAN events provide entrepreneurs the ability to find collaborators and investors for their businesses. The President recommended the Board approve an additional \$20,000 of HI Growth funds for the CAN Program this fiscal year to support the anticipated events.
  - Member Bossert clarified that if the events did not materialize the funds would not be expended.
  - **Decisions:** The Board unanimously approved increasing HSDC's commitment to the HI Growth CAN Program by \$20,000 for the fiscal year ending June 30, 2015.
- **HSDC Associate Position:**
  - The President reported Lauren Primiano will be resigning from HSDC effective March 19. The President thanked her for her significant contributions to HSDC, including launching the new website, launching the HI Growth CAN Program and leading the community outreach efforts.
  - The President recommended a work performance bonus of \$5,000.
  - The President reported that a candidate for the Associate position has been identified and recommended the Board approve an offer of up to a \$70,000 salary to the candidate.
  - **Decisions:** The Board unanimously approved a \$5,000 work performance bonus for Lauren Primiano and the offer of up to a \$70,000 salary to the candidate for the Associate position.
- **Representative for the HTDC Board of Directors:**
  - The President recommended the Board nominate a new HSDC board member to the HTDC Board of Directors.
  - Chair Moore recommended Keiki-Pua Dancil and requested the President to ask if Member Dancil will be willing to serve.
  - **Decisions:** The Board unanimously approved Keiki-Pua Dancil as HSDC representative to the HTDC Board.
- **SSBCI National Conference May 2015:**
  - The President informed the Board that the SSBCI Program has scheduled its 2015 National Conference in Washington D.C. in May. The President and Associate will attend the conference.
- **HTDC Report:**
- **NELHA Report:**
- **Public Input and Discussion:**
- **Request for Future Agenda Items:**
- **MEETING ADJOURNED:** Meeting adjourned at 2:00 PM.