



MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS

Monday, 29 August 2016

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

MINUTES

PRESENT

H. Brian Moore, Chair
Keiki-Pua Dancil, Vice Chair
Jon Wallenstrom
Fred Hemmings
Mark Tsuda
James Moonier
Ann Chung
Marissa Sandblom
Elijah Yip

EXCUSED

Craig Nakanishi
Luis Salaveria

STAFF

Karl Fooks, President
Sara Lin, Associate
Dawn Apuna, DAG

GUESTS

Robbie Melton

- **CALL TO ORDER:** Meeting called to order by the Chair at 12:05 PM.
- **20 July 2016 MEETING MINUTES:** Minutes were approved with amendment.
- **Reef Fund I:**
 - The President reviewed the current status of the management of Reef Fund I. The GP is a single person entity led by Lauren Primiano. The Fund is currently restricted to only deploying capital to existing portfolio companies in follow-on rounds for those companies. The GP has assembled an Advisory Board to assist in the review of potential investments.
 - Chair Moore highlighted to the other board members that having a single decision maker as the investment committee is a different structure from other funds established by HSDC.
 - The President noted the circumstances that led to this situation and the fact that the investment purview is limited to existing companies familiar to the GP.
 - Member Moonier stated that often small investment funds have a single decision maker and only larger investment funds typically have multiple members of an investment committee.
 - Vice Chair Dancil said as long as there is a defined investment decision making process that incorporates the advice of the Fund's Advisory Board and the collaboration with other investors in the company, the Reef GP will not be making decisions in isolation. HSDC still has the ability to not comply with a capital call, although that may result in its loss of its position in the Fund.
 - Member Wallenstrom noted that it is difficult for Advisors to take on the role of final decision makers given potential liability issues. The President confirmed that this is an issue and has been an issue in other HSDC funds.
 - **ACTIONS:** The board encouraged the President to insure there is an investment making process that incorporates the advice of the Fund's Advisory Board and is in concert with other investors in the company.

for Follow-on Funding, as GVS Transmedia has decided to accept fewer companies for its final cohort this year. The previous cap was set at \$250,000 to make sure at least 2 companies per cohort could be supported. That constraint is no longer needed and the opportunity to support the successful fund raising of a cohort company will be enhanced with a larger cap. To offset the larger investment amount, the cohort company must now match the investment with a 3 to 1 match, instead of a 1 to 1 match. This will encourage and support larger investment rounds.

- **DECISIONS:** The board unanimously approved the amendments to the Follow-On Fund investment criteria, which include the increase in the investment cap to \$500,000 per company.
- **MEETING ADJOURNED:** Meeting adjourned at 2:00 PM.

Karl Z. Zacks