



MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS

Monday, 13 November 2017

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

Member	Present	Excused	Guests
Michael O'Malley, Chair	X		
Keiki-Pua Dancil, Vice Chair	X		
James Moonier		X	
Jon Wallenstrom	X		
Ann Chung	X		
Marissa Sandblom	X		
Mark Tsuda	X		
Craig Nakanishi		X	
vacant			
DBEDT: Luis Salaveria	X		
NELHA: William Mielcke	X		
HTDC: Elijah Yip		X	
Staff			
Karl Fooks, President	X		
Jennifer Waihee-Polk, DAG	X		

- **CALL TO ORDER:** Meeting called to order by the Chair at 12:07 PM.
- **25 September 2017 MEETING MINUTES:** Minutes were approved.
- **UPSIDE Funds:**
 - The President reported that he met with Scott Wo, head of the investment committee for UPSIDE. Scott Wo proposed that HSDC's remaining commitment to UPSIDE Fund II be transferred to a new fund to be established by HSDC. The President said any new commitments to a fund would have to be reviewed and approved by the Board of HSDC.
 - Scott Wo also indicated that UPSIDE would not make any new investments and would no longer accrue management fees.
 - Chair O'Malley reported to the board that he has worked as a legal advisor to the UH in the development of the investment fund and that represents a potential conflict of interest.
 - Vice Chair Dancil asked who would be the manager of the new UH fund. The President replied that he believed the manager would be Sultan Ventures. Vice Chair Dancil asked if the offer to waive management fees would be as of the current date or retroactive. The President replied that he asked for fees to be adjusted retroactively.
 - Member Tsuda asked what the benefit would be for UH Foundation to maintain our existing commitment, but not draw down capital.
 - Member Salaveria noted that the final agreement will have to clarify if the accrued fees are netted from the existing commitments or will be paid from future returns from the fund.

- **Procurement for Accounting Services:**
 - The President requested volunteers for a Selection Committee to review the CPA firms on the State's Professional Services List and recommend a firm.
 - Member Salaveria noted that it is important to change CPA firms periodically to ensure quality of work and objectivity.
 - Vice Chair Dancil noted that the current firm put in significant work to establish the current financial statements and there is some benefit to retaining their services.
 - Member Sandblom asked if it is possible to engage a firm for more than one year. The President replied that the next engagement would be for 3 years.
 - **DECISIONS:** The Board unanimously approved Member Tsuda, Member Wallenstrom and President Fooks to serve on a Selection Committee for the Accounting Services Procurement.
- **Feed the Hunger Foundation**
 - The President introduced Patti Chang and Aaron Ellis from the Feed the Hunger Foundation. Feed the Hunger manages a loan program targeting companies in the food sector like companies graduating from the Maui Food Innovation Center and companies in the aquaculture sector. Feed the Hunger was recently awarded an additional \$1 million for an EDA Revolving Loan Fund and is seeking commitments of \$50,000 a year for 3 years to comply with the matching fund requirements of this award.
 - Patti Chang provided an overview of the loan program to date. Since 2007, Feed the Hunger has made 83 loans totaling \$2.8 million and of these loans 48 were made in Hawaii totaling \$1.7 million.
 - Aaron Ellis provided an overview of the performance of the loan portfolio.
 - Member Tsuda asked about the delinquencies and noted that they were due to only a small number of companies. Patti Chang responded that although the loans are delinquent the borrowers continue to repay small amounts as their resources permit.
 - Member Sandblom asked about the deadline for obtaining the match. Patti Chang replied that 25% of each loan needs to be provided from non-EDA capital at the time of the loan.
 - Member Tsuda asked how potential borrowers find out about Feed the Hunger's loan program. Patti Chang replied that the Farm Bureaus promote their program and Feed the Hunger attends industry conferences and events to meet companies.
 - Member Salaveria asked if Feed the Hunger has approached the Department of Agriculture about supporting this program. Patti Chang said a meeting has been requested.
 - The President noted that this type of program provides capital to entrepreneurs in the value added ag sector and this would create deal flow for future investment activity. Also, this effort would provide HSDC a window into the EDA loan programs.
 - Member Salaveria noted that we should check whether the Department of Agriculture is interested in taking the lead in this type of initiative.
- **Portfolio Report:**
 - Vice Chair Dancil left the meeting.
 - The President provided a quarterly update on cash balances and expenditures
 - HSDC is sponsoring, with NELHA, the Hawaii Aquaculture Summit on November 16. 105 people are registered, exceeding expectations.
- **HTDC Report:**
 - The President reported that HTDC granted \$350,000 to GVS, \$275,000 to Blue Startups and \$275,000 to XLR8UH.
- **NELHA Report:**
- **MEETING ADJOURNED:** Meeting adjourned at 1:17 PM.

Kal Fooks