

- **DECISIONS:** The Board unanimously approved the amended and restated operating agreement for HSDC Capital Fund. The Board unanimously approved a subscription agreement between HSDC and HSDC Capital Fund LLC in the amount of \$7,226,733.00.
- **2018 Legislative Agenda:**
 - The President reported that the various aquaculture budget requests and appropriation bills have passed out of the House and now will be heard by the Senate.
 - HB 2709 passed out of House Finance with new language that repeals HSDC and HTDC to create a new entity responsible for research and innovation policy and programs.
 - Chair O'Malley asked if there is enough momentum behind this bill to get it passed or will this be a multi-session effort to come to a consensus.
 - Member Tsuda asked if this bill was partly in response to HTDC's issues resolving its Manoa Innovation Center Lease.
 - The President replied that anything can happen during Session. HSDC has had difficulty with the Legislature understanding the role it plays in the ecosystem. Despite, numerous PR efforts and outreach, HSDC constituents are less demonstrative of the support and the benefit they have derived from HSDC's programs, as compared to the small business community and the SBIR community defending their respective grant programs.
 - Chair O'Malley advised that HSDC should provide comments suggesting any new entity should have a comprehensive program to support innovation, including support for venture capital, and not focused on research support.
 - Member Nakanishi also pointed out that providing funding is the key and the organization is less important. Even with a super agency if the UH and other stakeholders aren't included and play their respective roles it will be difficult to develop an innovation economy.
- **Sultan Fund I:**
 - Chair O'Malley said he received a term sheet at the last minute and this was circulated to the board. Given that there has not been time to review this proposal, the Chair proposed deferring this agenda item to the next meeting. The Chair said he will communicate to Sultan Ventures and request them to engage with HSDC.
- **UPSIDE Fund II:**
 - The President refreshed the Board's memory that there has been an ongoing discussion with UPSIDE regarding winding up the fund and releasing HSDC from its funding commitment. The fund is now well past the stage where it will take on any new investments. At the last board meeting the Board received a letter from Barry Weinman that stated that the UH Foundation did not have the capital to fund its commitment and that is why UPSIDE has not been actively making new investments.
 - The President requested the Board approve an amendment to the UPSIDE Fund II Agreement to change the fee formula to fees based on capital contributions and not capital commitments and to release HSDC from any obligation to provide future capital contributions. Fees would not accrue after
 - **DECISIONS:** The Board unanimously approved the proposed amendment to the UPSIDE Fund II Agreement.
- **EDA Grant:**
 - The President informed the Board that after the termination of Reef Fund, the co-applicant in the EDA grant, HSDC contacted the EDA and they encouraged HSDC to find a new co-applicant to step into the shoes of Reef and execute the grant.
 - The President has determined that it will be more practical to execute the grant in two phases. The first phase would be to identify companies with technologies related to ocean science, and particularly aquaculture, and provide a brief due diligence report analyzing their

investability. This would help build a pipeline of potential accelerator applicants, help to determine the most suitable accelerator program for this universe of companies and to provide an outreach to investors with the investment potential demonstrated by this group of companies.

- With a positive response from investors, Phase Two would be to form a fund to support the accelerator. HSDC has begun discussions with Jim Wyban, a successful aquaculture entrepreneur who resides on the Big Island to execute phase one.
- **MEETING ADJOURNED:** Meeting adjourned at 12:40 PM.

A handwritten signature in black ink, appearing to read "Karl Fede". The signature is written in a cursive, flowing style with some loops and flourishes.