



MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS

Monday, 27 August 2018

#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 (Greg Barbour)	X		
HTDC: Elijah Yip			
Staff			
Karl Fooks, President	X		
Jennifer Waihee-Polk, DAG	X		

- **CALL TO ORDER:** Meeting called to order by the Chair at 12:05 PM.
- **13 June 2018 MEETING MINUTES:** Minutes were approved.
- **President Annual Performance Review:**
 - The Chair reported that the Special Investigative Committee circulated its report on the President's Annual Performance for the calendar year 2017.
 - Member Wallenstrom, a committee member, thanked the President for his contributions during the past year. The committee concluded that the President's work has been exemplary and deserving of a salary increase.
 - Chair O'Malley asked if the board had a recommendation for a salary increase. Member Barbour suggested a 5% increase. Member Salaveria noted that the President did not receive a salary increase the last review period.
 - **DECISIONS:** The Board unanimously approved accepting the Committee's report on the President's Annual Performance Review for 2017.
- **MEETING ADJOURNED:** Meeting adjourned at 12:10 PM.



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Member	Present	Excused	Guests
Michael O'Malley, Chair	X		Mary Alice Evans
Keiki-Pua Dancil, Vice Chair	X		Crystal Johnson
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 (Greg Barbour)	X		
HTDC: Elijah Yip			
Staff			
Karl Fooks, President	X		
Jennifer Waihee-Polk, DAG	X		

- **CALL TO ORDER:** Meeting called to order by the Chair at 12:15 PM.
- **MEETING MINUTES:**
- **President Annual Performance Review:**
 - The Chair noted the President's exemplary annual performance review for 2017 and proposed a 5% salary increase effective July 1, 2018.
 - **DECISIONS:** The Board unanimously approved the President's 2017 Annual Performance Review and the 5% salary increase effective July 1, 2018.
- **Ibis Networks, Inc.**
 - The President proposed a follow-on investment in Ibis Networks, Inc. The company was previously a portfolio company of Reef Fund II and now HSDC Capital Fund directly holds the investment. The company has begun a large product deployment in California and recently brought onboard an experienced CEO to lead the growth. The lead investors in the company are leading a bridge round to support the product deployment and to prepare for a Series B round early in 2019. To maintain its pro rata position in the company, HSDC would need to invest \$54,000.

- The President noted that Ibis is a good example of Hawaii's startup ecosystem: a spinout company from Oceanit that successfully graduated from the Energy Excelsior and went on to raise over \$4 million.
- Chair O'Malley said HSDC should support the company as it recruited a good CEO and was executing on a contract that will generate significant revenue.
- Vice Chair Dancil reminded the President to insist on receiving regular financial reports from the company.
- **DECISIONS:** The Board unanimously approved an investment of up to \$55,000 in Ibis Networks, Inc.
- **HSDC Capital Fund LLC**
 - Ralph Kanetoku and Robyn Kawamura from KKDLY presented their findings from the 2017 audit of the financial statements of HSDC Capital Fund. KKDLY will issue a clean opinion on the 2017 financial statements.
 - Chair O'Malley asked about the choice of the Modified Cash Basis of Accounting. The HSDC President said HSDC has consistently used this method as it allows investments to be recorded at cost as valuations to produce the Fair Market Value of investments would be extremely costly given the small portfolio size.
 - **DECISIONS:** The Board unanimously approved the 2017 financial statements for HSDC Capital Fund, LLC.
- **New Sunshine Law Provisions**
 - The President reported on the new Sunshine Law Provisions enacted following the last legislative session. A summary from the Office of Information Practices was circulated to board members.
- **Terminating EDA Grant**
 - The President reported that DBEDT was pushing for HSDC to transfer its EDA grant rather than terminate. HSDC and DBEDT met with UH to see if they would be interested given its focus on research commercialization. UH said they were very interested and would like to keep the grant's focus on supporting the aquaculture accelerator project at NELHA. HSDC will work with the UH to see if the transfer of the grant can be executed before the end of September as requested by the EDA.
 - Member Dancil reminded the President to have monitoring and accountability transferred, as well as the grant's scope of work.
- **Portfolio Report:**
 - A thank you video from GVS reporting on its Hawaii and Mainland screenings of Running for Grace was shown. GVS has hit a snag raising its match for its second fund and the President will be following up with them later this week.
 - The President reported that Blue Startups is close to raising its \$500,000 match and that HSDC is expecting a first close on Fund III in September.
 - The UH Foundation will be meeting on August 29, 2018 and will consider HSDC's request to terminate the UPSIDE Funds.
 - Carsten Krome, founder and CEO of Hatch, the world's first aquaculture accelerator, provided the Board with a summary of Hatch's investment model and activities. Carsten will also visit UH and NELHA to discuss potential cooperation.
- **NELHA Report:**
 - Greg Barbour reported that the recent lava flow on the Big Island destroyed a building leased to Puna Geothermal. NELHA will be able to apply to FEMA for funds to rebuild the building on the NELHA campus.
- **MEETING ADJOURNED:** Meeting adjourned at 2:00 PM.

Ralph Kanetoku