



MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS

Monday, 10 December 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: Mary Alice Evans	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 12:03 PM.
- **8 October 2018 MEETING MINUTES:** Minutes were approved.
- **UPSIDE Fund I & II:**
 - The President reported that the University of Hawaii Foundation, the manager of the funds, has proposed to amend the investment contracts to waive the accrued fees on UPSIDE Fund I and waive the future accrual of fees starting July 1, 2018 on UPSIDE Fund II. These funds have reached the end of their investment windows and no new investments are anticipated. UHF has decided to reserve \$2 million for future follow-on investments in existing portfolio companies held by UPSIDE Fund II. HSDC's investment commitment will fall to \$2.55 million from the current \$3.0 million.
 - Member Moonier asked if the other investor is also reducing their investment commitment and the President replied, yes.
 - **DECISIONS:** The Board unanimously approved authorizing the President execute the proposed amendment to the UPSIDE Fund I investment contract and the proposed amendment to the UPSIDE Fund II investment contract.
- **Ecosystem Follow-on Investment:**
 - The President reported that the new investment commitments made in June 2018 to Blue Ventures, Startup Capital and GVS have not yet been matched and are unlikely to be

matched by the end of the year. HSDC has informed the fund managers that HSDC's commitment has lapsed, but HSDC is still prepared to commit to their funds on a first come first served basis, based on the availability of capital. The President asked the Board to reaffirm its willingness to invest in Blue Ventures and Startup Capital on the same terms as approved previously. It is hoped that these funds might be able to close early in 2019.

- Director Evans asked if there might be room to invest in a fund to support the NELHA aquaculture accelerator. The President replied that if a fund proposal was received and there was available capital, HSDC would consider the opportunity. A decision on a potential operator of the accelerator would not be made until the middle of January 2019 and a potential investment would not take place until March 2019.
- **DECISIONS:** The Board unanimously approved authorizing the President to close investments in Blue Ventures and Startup Capital Ventures if those funds are able to raise their matching capital requirements.
- **2019 Legislative Agenda**
 - The President reported that \$5 million for HSDC's investment program is included in the Administration's Budget as a CIP request to be funded by general obligation bonds. He thanked DBEDT for their strong support of this budget request. In addition, HSDC will seek the restoration of its Associate position and seek approval for new board members to fill the seats of Members Dancil and Wallenstrom, both of whom will reach their two term limits in June 2019.
 - Director Evans explained that the Governor was in support of HSDC's investment program and decided to fund this long-term economic development program with a long-term funding source. Director Evans said a new Technology Committee was created in the Senate and chaired by Senator Keohokalole. This committee may have oversight over HSDC.
 - The President reported that legislation to consolidate HTDC and HSDC or repeal HSDC would likely be introduced.
 - **DECISIONS:** The Board unanimously approved authorizing the President to represent HSDC in matters before the Legislature for the 2019 session.
- **2019 Board Meeting Schedule:**
 - The President proposed a quarterly meeting schedule for 2019. Meetings on February 25, April 29, July 22 and October 21 were proposed.
 - Chair O'Malley requested that members inform the President if there were any conflicts with those dates.
- **Portfolio Report:**
 - The President reported that UPSIDE funded a follow-on round in Kinetikor. Ozolio has made its payments to HSDC. GVS had two projects, Surfbreak Hotel and documentary on the Hawaii volcanoes ready for production. Unfortunately, the principal for the documentary had a family crisis and was not able to meet the deadlines proposed by PBS for the documentary to air on its member stations. This project will be put on hold for now. Another feature film project is still fund raising.
- **HTDC Report:**
 - Member Nakanishi reported that HTDC ED Melton has resigned and will head up the Economic Development Office of the County of Kauai. HTDC is developing a new strategic plan after losing the lease on the Manoa Innovation Center.
- **NELHA Report:**
 - Chair O'Malley reported that he attended NELHA's Energy Storage Conference. There were many participants including representatives from Federal Agencies and other States.
- **MEETING ADJOURNED:** Meeting adjourned at 12:48 PM.