



MEETING MINUTES OF THE HAWAII TECHNOLOGY DEVELOPMENT CORP (HTDC) BOARD OF DIRECTORS

September 08, 2022
Entrepreneurs Sandbox – Large Classroom
643 Ilalo St., Honolulu, HI 96813

Member(s) Present

Craig Nakanishi, Chairperson (Mr. Nakanishi)
Vassilis Syrmos, Vice Chair (Mr. Syrmos)
Edward Barnabas, Member-At-Large (Mr. Barnabas)
Sandra Fujiyama, Member-At-Large (Ms. Fujiyama)
Gregory Kim, Member-At-Large (Mr. Kim)
Vincent Kimura, Member-At-Large (Mr. Kimura)
Mike McCartney, Department of Business Economic Development and Tourism (DBEDT), Ex-Officio Member (Mr. McCartney) (arrived meeting at 3:11pm)
Rick Volner, Jr. Member-At-Large (Mr. Volner Jr.)

Member(s) Absent

Bernice Glenn, Member-At-Large (Ms. Glenn) (excused)

Counsel Present

Elise Amemiya, Deputy Attorney General (Ms. Amemiya)

Staff Present

Len Higashi, Acting Executive Director (Mr. Higashi)
Wayne Inouye, MEP Center Director (Mr. Inouye)
Sandi Kanemori, Contract Manager (Ms. Kanemori)
Wayne Layugan, MEP Senior Project Manager (Mr. Layugan)
Dave Molinaro, HCATT Manager (Mr. Molinaro)
Stephanie Yuu-Sato, Fiscal and Contracts Specialist (Ms. Yuu-Sato)

Guest(s) Present

Iqbal Ashraf, Guild Consulting (Mr. Ashraf)
Vijoy Chattergy, Guild Consulting (Mr. Chattergy)
Donovan Kealoha, Startup Capital Ventures (Mr. Kealoha)
Tom Toy, Startup Capital Ventures (Mr. Toy)
Amy Young, Startup Capital Ventures (Ms. Young)

Members of the Public Present

None



1. Call to Order

Chair called the meeting to order at 3:00 p.m.

2. Roll Call

Mr. Higashi conducted a roll call of the Board.

Roll call: Chair, Mr. Barnabas, Ms. Fujiyama, Mr. Kim, Mr. Kimura, Mr. Syrmos, Mr. Volner Jr. acknowledged attendance. Noted that Mr. McCartney arrived at 3:11 p.m. and Ms. Glenn absent (excused).

3. Approval of August 11, 2022 Minutes

No comments or changes to the minutes.
No testimony received.

Chair calls for a motion.

Motion to approve the August 11, 2022 Minutes made by: Mr. Kimura / Second by: Mr. Volner Jr.

Motion approved, Vote: 8-0

4. Hawai'i Small Business Capital Program (HI-CAP)

Mr. Higashi provides a recap of the SSBCI program. The goals are to put money to work into the economy as rapidly as possible, to promote economic diversification, job creation, inclusion and state priorities and to generate an acceptable return on investment. The role of the Board is to approve or reject the investment recommendations of HTDC and staff and confirm the due diligence is thorough and appropriate for the investment.

Mr. Kealoha of Startup Capital Ventures (SCV) introduces himself, starting his first company with the assistance of Mr. Kim and Mr. Higashi which became a portfolio company in Fund I. He has since started other projects/companies and a non-profit that is focused on growing the Hawaii tech eco-system.



Mr. Toy of SCV introduces himself, working for Bank of America for seven years, joined a venture capital firm in 1987 and has been a venture capitalist since. Making investments in life science, climate tech and IT with billion-dollar outcomes.

Mr. Toy introduce fellow partner, Tomo Yoshida (not present), who has been with SBI Holdings, a financial services conglomerate based in Japan formerly known as Soft Bank Investment, for the past 14 years. Mr. Yoshida is responsible for starting venture capital activities in other countries outside of Japan. SBI currently has had no activity in the U.S.

Ms. Young introduces herself as the CFO of SCV since 2005. Worked at a bank in Silicon Valley running the loan documentation and loan accounting till she transitioned to venture capitalism. She is now responsible for the operational side of the Fund.

Mr. Kealoha briefs on SCV which started in 2005, with \$50 million under management across two funds. SCV is looking to raise a new fund, \$50 million to amplify the existing strategy. SCV are active investors, negotiate the term sheet with the entrepreneurs in some cases taking a board seat to help navigate to get to the next stage of development. Portfolio strategy is to invest up to \$2 million per company, with initial investment amount of \$500 thousand up to a \$1 million amongst 20–24 companies. Leveraging strength of anchor investment, SBI Holdings.

Mr. Toy continues to describe the relationship between SCV and SBI. SBI is a publicly listed company in Japan with 40 million customers, \$1 billion invested in variety in portfolio and exits (PE) and venture related investment. Big investors in SoFi, ripple and wefox, Europe's largest insurtech company. Located in 15 different countries in Asia and can be a direct investor in portfolio companies in subsequent round writing checks up to \$20 million.

Mr. Kealoha and Mr. Toy continue to describe the various portfolio companies established and connections made. Describing the opportunities in Hawaii to invest in, examples in climate tech (Shifted Energy, Hohonu), tech-enabled media (nmg Network), and enterprise tech (reef.ai) as well as companies in Silicon Valley as it remains the largest market for start-ups.

Mr. Kealoha summarizes, SCV is an established venture capital firm started in 2005, has had two funds matching \$50 million, looking to raise a Fund III at \$50 million, leveraging the diverse partners and advisors, pipeline of high-potential deal flow both in Hawaii



and on the Continental and an anchor investor bringing in credibility and positivity into the equation.

Mr. Kim questions what is a vibrant tech industry in Hawaii and what draws Mr. Toy to help Hawaii companies?

Mr. Kealoha responds - an inclusive ecosystem that acknowledges the competitive strengths, natural strengths that we have. UH bringing in money related to ocean science and what we see with climate change brings in opportunities. With the law that just passed, opportunities to solve those critical problems can be done here – Shifted Energy and Hohonu are two examples of companies.

Mr. Toy answers he has been a part of SCV, the past fund and a member of the team. He draws pride from helping people.

Mr. Barnabas asks where the value of the investments are realized here?

Mr. Toy responds that their mission is not to create jobs in Hawaii but can drive job opportunities in Hawaii. Create companies that grow in the Hawaii environment.

Mr. Volner asks of the six Hawaii portfolio companies from Fund I and II what was the percentage of the capital deployed and should we expect the same.

Ms. Young answers \$3 million from Fund I and \$2 million Fund II.

Mr. Higashi recaps investment memo. Recommendation from the evaluation committee to approve \$5 million commitment to the investment fund, subject to legal approval of final documentation. Through HSDC in 2014 an investment of \$4.5 million was made into SCV Fund II. Fund III intends to raise \$50 million partnered with SBI Holdings. Previous performance was 20% internal rate of return which represents one of the stronger performing funds in HSDC's portfolio. SCV has invested in six Hawaii based companies and in this current round will be investing larger amounts. The general partner will earn a 2.5% management fee ramping down 0.25% per year. Investments have previously been into software based companies.

No testimony received on agenda item.



Chair advises that we will be going into Executive Session to discuss and consider investment into Startup Capital Ventures x SBI Fund (Fund III), pursuant to HRS section 206M-21(b) and HRS section 206M-67.

Chair calls for a motion.

Motion to convene in Executive Session made by: Mr. McCartney / Second by: Mr. Syrmos.

Motion Approved, Vote: 8-0

Executive Session convened at 3:55 p.m.
Executive Session adjourned at 5:00 p.m.

Meeting reconvened in open session at 5:00 p.m.

Chair calls for a motion.

Motion to authorize HTDC Acting Executive Director to finalize terms and conditions and execute the \$5 million investment into Startup Capital Ventures x SBI Fund (Fund III) subject to approval of documents by Special Deputy AG and AG Office made by: Mr. Syrmos / Second by: Mr. Kimura

Motion Approved, Vote: 8-0

5. HTDC Bylaws

A. Discussion and/or action related to the bylaws

Ms. Amemiya advises the final version of the bylaws were included in the packet.
No comments or changes to the bylaws.
No testimony received on agenda item.

Chair calls for a motion.

Motion to adopt the final version of the bylaws as contained in the board packet made by Mr. McCartney / Second by Mr. Syrmos

Motion Approved, Vote: 8-0



6. HTDC Reports

A. Chair's Report

Chair recommends deferring the agenda item to the next board meeting.
Members concur.

7. Old Business

Chair recommends deferring the agenda item to the next board meeting.
Members concur.

8. Adjournment

Chair calls for a motion.

Motion to adjourn made by Mr. Kimura / Second by: Mr. Kim

Motion Approved, Vote 8-0

Meeting adjourned at 5:09 p.m.

Respectfully submitted

Stephanie Yuu-Sato
Board Secretary