



NEIL ABERCROMBIE  
GOVERNOR

EXECUTIVE CHAMBERS  
HONOLULU

Testimony in **support** of HB858  
Relating to the HI Growth Initiative

Committee on Finance  
Representative Sylvia Luke, Chair  
Representative Scott Nishimoto, Vice Chair  
Representative Aaron Johanson, Vice Chair

February 22, 2013  
1:30 pm Room 308

Chair Luke, Vice-Chair Nishimoto, Vice-Chair Johanson, and members of the Finance Committee:

The Office of the Governor **supports** House Bill 858, Relating to the HI Growth Initiative. This measure appropriates \$20 million, over two fiscal years, for the Hawaii Strategic Development Corporation (HSDC) to implement an investment program designed to catalyze and leverage targeted private sector entrepreneurial initiatives.

This comprehensive investment program represents a commitment to reinvigorate state efforts to fuel an innovation economy in order to diversify and grow Hawaii's economic base. This initiative will keep our established industries competitive and create new areas of opportunities to allow our young people to pursue their dreams here in Hawaii.

The Department of Business, Economic Development, and Tourism (DBEDT) and HSDC are available to answer any questions you may have.

Thank you for the opportunity to testify.



**DEPARTMENT OF BUSINESS,  
ECONOMIC DEVELOPMENT & TOURISM**

**NEIL ABERCROMBIE**  
GOVERNOR

**RICHARD C. LIM**  
DIRECTOR

**MARY ALICE EVANS**  
DEPUTY DIRECTOR

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Statement of  
**RICHARD C. LIM**  
**Director**  
Department of Business, Economic Development, and Tourism  
before the  
**HOUSE COMMITTEE ON FINANCE**

Friday, February 22, 2013  
1:30 p.m.  
State Capitol, Conference Room 308

in consideration of  
**HB 858**  
**RELATING TO THE HI GROWTH INITIATIVE.**

Chair Luke, Vice Chairs Nishimoto and Johanson, and Members of the Committee.

The Department of Business, Economic Development and Tourism strongly supports HB 858 as it provides the resources to catalyze an innovation infrastructure that will enable Hawaii's creative and entrepreneurial talent to turn ideas into high growth business ventures.

High growth businesses are the engines of job creation. Creative and technology business ventures, in particular, create new jobs in high-wage, knowledge-based industries. The HI Growth Initiative will build on the momentum created by the venture accelerator program funded by the Legislature last session through investments in the innovation ecosystem that will provide the tools and capital for entrepreneurs to build sustainable businesses and quality jobs for our community.

The Hawaii Strategic Development Corporation (HSDC) is requesting a \$10 million general fund infusion in both FY14 and FY15. These are to fund a new State investment initiative that will partner with the private sector in three key areas: 1) commercialization of research; 2) support for incubators and accelerators; and 3) investment funds to grow and scale Hawaii businesses.

HSDC has demonstrated that it can implement investment programs cost effectively by working closely with private sector partners. HSDC seeks to invest where there are gaps in the private sector's ability to support commercialization and innovation and does not duplicate or compete with private sector efforts.

We respectfully defer to the Hawaii Strategic Development Corporation, the expending agency, to provide the specifics on the initiative's objectives, but we would like to voice our support of the bill as we believe the future success of Hawaii's economy will come from the growth and development of high growth entrepreneurial businesses.

Thank you for the opportunity to offer these comments.

**Testimony to the House Committee on Finance  
Friday, February 22, 2013 at 1:30 P.M.  
Conference Room 308, State Capitol  
Agenda #2**

**RE: HOUSE BILL 858 RELATING TO THE HI GROWTH INITIATIVE**

Chair Luke, Vice Chairs Nishimoto and Johanson, and Members of the Committee:

The Chamber of Commerce of Hawaii ("The Chamber") **supports HB 858** Relating to Economic Development.

The Chamber is the largest business organization in Hawaii, representing over 1000 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

This bill will help provide much needed mentoring, business development and private-public capital for developing new business industries. This program and others like it that were created by the legislature has helped businesses grow and diversified our economy.

Thank you for the opportunity to testify.



# UNIVERSITY OF HAWAII SYSTEM

## Legislative Testimony

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Testimony Presented Before the  
House Committee on Finance  
February 22, 2013 at 1:30 p.m.  
by  
M.R.C. Greenwood  
President, University of Hawai'i

### HB 858 – RELATING TO THE HI GROWTH INITIATIVE

Chair Luke, Vice Chair Nishimoto, Vice Chair Johanson and members of the committee:

The University of Hawai'i supports diversifying our economy and promoting the development of high-growth businesses. We hope you have heard of the University of Hawai'i Innovation Initiative (HI<sup>2</sup>), which seeks to diversify and expand Hawai'i's economy by developing our research industry and doubling the University of Hawai'i's extramural funding to \$1 billion over the next decade.

We also agree with HB 858's premise that a successful economic development program must have input and support from key stakeholders including private industry, investors, universities and government. This bill provides a \$20 million appropriation to the Hawai'i Strategic Development Corporation to implement an investment program called the HI growth initiative.

We look forward to working with DBEDT to build the linkages between the UH Innovation Initiative and the HI Growth Initiative, complementary efforts, to ensure that the State of Hawai'i gets the best return on its various investments into building an innovation economy. HI<sup>2</sup> continues to build critical mass in terms of developing researchers and creating new knowledge to solve some of our most pressing problems in health, food and fuel. The HI Growth Initiative will catalyze and leverage key entrepreneurial initiatives that will flow from the discoveries at the University of Hawai'i.

Building an innovation economy and growing our research industry will take all of us working together. The University of Hawai'i supports DBEDT's investment role and will work with this department and the HI Growth Initiative towards these goals.

Hawaii Venture Capital Association  
805 Kainui Dr.  
Kailua, HI 96734  
808-225-3579

Date: February 20, 2013

To: Chair Sylvia Luke, Vice Chair Nishimoto – House Committee on Finance

Subject: **HB858** Relating to High Growth Initiative scheduled to be heard on **House Finance Committee on February 22 at 1:30 PM in Room 308**

Dear Chair Luke, Vice Chair Nishimoto and Members of the Committee on Finance

The member supported Hawaii Venture Capital Association (HVCA), formed in 1988, strongly supports HB858 regarding the HI Growth Initiative. My name is Bill Spencer and I have been the President of the Hawaii Venture Capital Association since 1999 and a board member since 1995.

In order to attract investment capital to Hawaii businesses, quality deal flow is a must. Entrepreneurs face a long finance continuum that starts with self-funding and moves to angel investment, early stage venture capital and later stage venture capital.

The \$20 million of investment capital proposed in this bill will be critical to filling a serious funding gap resulting from a lack of early stage investment capital needed after angel investors and before professional later stage venture capital. Building funding capacity for new businesses, especially those supported by the accelerator programs that were started and strengthened by funding appropriated in last year's legislature, is very important to sustaining momentum and helping these businesses succeed.

Hawaii must nurture and support high growth business in order to create quality jobs and help diversify the economy.

I urge your committee to pass this bill.

Sincerely,

Bill Spencer  
President  
bspencer@hawaii.rr.com



February 21, 2013

TO: Rep. Sylvia Luke, Chair  
Rep. Scott Y. Nishimoto, Vice Chair  
Rep. Aaron Ling Johanson, Vice Chair

DATE: Friday, February 22, 2013  
TIME: 1:30 PM  
PLACE: Conference room 308  
Re: HB 858 RELATING TO THE HI GROWTH INITIATIVE

FROM: Todd J. Robertson, President/CEO  
Hyperspective Studios, Inc.

Hyperspective Studios, Inc. strongly supports HB858 regarding the HI Growth Initiative.

In order to attract investment capital to Hawaii businesses, quality deal flow is a must. Entrepreneurs face a long finance continuum that starts with self-funding and moves to angel investment, early stage venture capital and later stage venture capital.

As professionals and members of the Hawaii Association of Media Arts, we believe the \$20 million of investment capital proposed in this bill will be critical to filling a serious funding gap resulting from a lack of early stage investment capital needed after angel investors and before professional later stage venture capital. Building funding capacity for new businesses, especially those supported by the accelerator programs that were started and strengthened by funding appropriated in last year's legislature, is very important to sustaining momentum and helping these businesses succeed.

Hawaii must nurture and support high growth business in order to create quality jobs and help diversify the economy.

Our digital media industry provides high quality jobs with broad opportunities for growth. The digital media industry not only requires creative development teams to write scripts, create digital artwork and music, but employs technicians who are skilled in 3D technologies, information technology, computer science, engineering and programming. Digital media companies provide a long-term, sustainable opportunity for jobs and development of products, while maintaining a work-force of Hawaii residents. I urge your committee to pass this bill and support our industry in Hawaii.

Thank you very much for the opportunity to testify.

Written Statement of  
**YUKA NAGASHIMA**  
**Executive Director & CEO**  
High Technology Development Corporation  
before the  
**HOUSE COMMITTEE ON FINANCE**  
Friday, February 22, 2013  
1:30 p.m.  
State Capitol, Conference Room 308

In consideration of  
**HB 858 RELATING TO THE HI GROWTH INITIATIVE.**

Chair Luke, Vice Chairs Nishimoto and Johanson, and Members of the Committee on Finance.

The High Technology Development Corporation (HTDC) respectfully submits testimony in **strong support** of HB 858, legislation appropriating \$20 million (\$10 million in FY 2013-2014 and \$10 million FY 2014-2015) to the Hawaii Strategic Development Corporation for the HI Growth Initiative.

The HI Growth Initiative will provide \$20 million of investment capital that will focus on the critical building blocks of new business formation: research commercialization, entrepreneur mentoring and the mobilization of startup investment capital. The initiative reflects a shared vision between HTDC and HSDC not only on the critical needs of the tech entrepreneurial community but also the holistic approach it takes to nurture the ecosystem. Further, it follows the nation's best practices. Innovation extends beyond just the technology sector. Supporting innovation helps keep our established industries competitive and leads our drive for a sustainable economy.

Thank you for the opportunity to offer these comments.



February 20, 2013

To: The Honorable Sylvia Luke, Chair  
The Honorable Scott Nishimoto, Vice Chair  
Members of the House Finance Committee

From: D. Elliot Parks, Ph.D.  
President and CEO  
Hawai'i Biotech Inc.  
99-193 Aiea Heights Drive  
Suite 200  
Aiea, HI  
96701

RE: **The Hawai'i Growth Initiative, HB858– SUPPORT**  
Hearing date: Friday, February 22, 2013  
Hearing time: 1:20 pm  
Senate Capitol Room 308

Aloha Chair Luke, Vice Chair Nishimoto, and Members of the Committee:

As a key member of management of one of Hawai'i's premier knowledge-based companies, I am writing in strongly support of the Hawaii Growth Initiative, HB858.

I can speak firsthand to what is required in Hawaii to create and fund innovative companies, in nurturing a skilled workforce, and spawning well-paying jobs.

The **Hawai'i Growth Initiative** will provide \$20 million of investment capital that can be invested in the critical building blocks of new business formation: research commercialization, entrepreneur mentoring, and the mobilization of startup investment capital. Passage of this bill will help to promote knowledge-based businesses and provide new opportunities to grow and diversify our State's economy. The **Hawai'i Growth Initiative** will encourage an entrepreneurial ecosystem that can support high wage jobs and talented people here in the State.

I respectfully urge your committee's **support** of the **Hawai'i Growth Initiative**, HB858.

Thank you for your consideration.



HAWAII  
STRATEGIC  
DEVELOPMENT  
CORPORATION

Written Statement of

**KARL FOOKS**  
**President**

Hawaii Strategic Development Corporation

Before the  
**COMMITTEE ON FINANCE**

February 22, 2013

1:30 PM

State Capitol, Conference Room 308

In consideration of  
**HB 858 RELATING TO THE HI GROWTH INITIATIVE**

Chair Luke, Vice Chair Nishimoto, Vice Chair Johanson and Members of the Committee on Finance:

The Hawaii Strategic Development Corporation (HSDC) respectfully submits testimony in **strong support** of HB 858, legislation appropriating \$20 million (\$10 million in FY 2013-2014 and \$10 million FY 2014-2015) to the Hawaii Strategic Development Corporation for the HI Growth Initiative.

If Hawaii is to remain competitive in the global economy we need to provide our entrepreneurs the resources to build viable global businesses here at home. We have the entrepreneurial talent here in Hawaii. They are building businesses that are changing the world and doing it here in Hawaii. We need to invest in the mentor and investment networks that will allow them to survive and thrive here in Hawaii.

The **HI Growth Initiative** will provide \$20 million of investment capital that will focus on the critical building blocks of new business formation: research commercialization, entrepreneur mentoring and the mobilization of startup investment capital.

This comprehensive investment program represents a bold new approach to reinvigorate state efforts to fuel an innovation economy.

The HI Growth Initiative will partner with the private sector to start and grow creative and innovative companies. This initiative will also help keep our established industries competitive and create new opportunities that will excite our young people and provide them the environment to pursue their dreams here in Hawaii. Below are some examples of Hawaii's entrepreneurial talent:

On Kauai, Ryan Esaki and his partners bootstrapped their vision to grow the next generation of ukulele musicians and built a global business, **Ukulele Underground**, which provides web-based instrument

lessons to people around the world and allows them to tour the world spreading their message of music and Aloha.

A recent graduate of the UH Shidler College of Business, Elyse Peterson, launched her business at a Honolulu Startup Weekend event. Her passion is to create a marketplace where tea drinkers can find gourmet teas from around the world and where tea growers can find customers to sustain their businesses. Her website, **tealet.com**, is helping to promote the tea farming industry here in Hawaii. She recently received an investment from a leading global venture investor, 500 Startups.

Darius Monsef, from Waimea on the Big Island, started his successful internet business on the Mainland. He decided to return to the Big Island and is not only managing his growing business, but using his network and experience to help other entrepreneurs in Hawaii. His venture accelerator, **the Nalukai Foundation**, received support from the State's Launch Akamai Venture Accelerator Program. This investment will allow him and his team to build a program on the Big Island that will build a community of entrepreneurs and innovators.

Dr. Jeffrey Yu is the CEO of **Kineticor**. His company is commercializing research done at the Queens Medical Center and the University of Hawaii. Kineticor has developed an innovative system that compensates for patient movement during an MRI. This will increase the efficiency of performing MRI's, saving the global health care industry over \$1 billion a year.

Tina Fitch, from Maui, helped startup a software company that became a leading provider of software to power travel and loyalty systems for large corporations. Initially supported by the tourism industry, as CEO, she had to move the company to the Mainland to raise the financing to grow the company. She decided to return to Hawaii and is once again leading a new software startup that is creating a new platform to share video and pictures, **umicam**. Importantly, she also mentors other Hawaii startups to inspire and motivate the next generation of software entrepreneurs.

**Skai Ventures** was established by kamaainas with a vision to recruit world class talent to commercialize technologies for the global market. Over the past several years, Skai Ventures has created 5 Hawaii companies and created over 200 jobs. **TruTag Technologies**, a Skai Ventures company, has successfully developed a solution for the worldwide problem of counterfeit drugs and is now looking to expand the manufacturing of its products in Hawaii.

Hawaii is making progress, but we need many more of these kinds of entrepreneurs to startup high growth businesses in Hawaii if we are to generate economic growth opportunities for the future.

The advantages are clear. Entrepreneurial high growth businesses:

- bring dollars into Hawaii,
- have minimal impacts on the environment,
- lead our drive towards a sustainable economy and
- create high paying jobs for our local families.

With your help, we will launch the HI Growth Initiative to support these entrepreneurs and invest in Hawaii's future.

### **HSDC's Mission**

HSDC's mission is to create funding mechanisms for investment in emerging high growth companies by developing networks to organize public and private sources of capital and develop the infrastructure to support venture capital in Hawaii. This includes the establishment of local venture investment entities and entrepreneur mentoring organizations.

### **The HI Growth Initiative**

The HI Growth Initiative is a new, comprehensive investment program that will support research commercialization, entrepreneur mentoring and startup capital formation. This program is structured as a General Fund infusion into HSDC's Revolving Fund. Historically, HSDC's investment programs were funded in this manner. The Launch Akamai Venture Accelerator (LAVA) program deviated from this as it was positioned as a grant program, much like HSDC's \$5 million Follow-on Funding Program in 2007.

\$10 million is requested in each of the two fiscal years, FY 14 and FY 15. As this is an investment program, funds will be expended by HSDC over a period of years. There is no intention to use all \$20 million in the first year as it will take some time to seek out viable investment teams to partner with and to raise private sector capital to invest alongside HSDC. This was the purpose for the establishment of HSDC's Revolving Fund as the funding mechanism. Without the upfront availability of \$20 million committed to this program by the State, it will be extremely difficult to catalyze private sector interest and participation in this initiative.

The HI Growth Initiative will allocate its investments to focus on the critical building blocks of an innovation ecosystem: research commercialization, entrepreneur mentoring and the mobilization of startup investment capital.

\$2.5 million will be allocated to support the establishment of a Proof of Concept Center (POC) for research commercialization, \$2 million will be allocated to support LAVA program incubators/accelerators as well as to establish new accelerators in new areas such as the food, creative industries/digital media and clean tech. \$5 million will be allocated to support existing seed funds as well as to establish new seed funds, for example in the clean tech sector. Final investment allocations will be based on the quality of potential investment opportunities, the quality of potential investment teams available to manage these funds, and the availability of private sector investors to invest alongside HSDC.

Additionally, \$500 thousand is allocated to support the costs of implementing and monitoring this program over several years, marketing and promoting this initiative to the private sector through meetings and conferences, and developing survey and reports to measure the impact and effectiveness of this initiative.

### **Research Commercialization**

\$2.5 million has been allocated to support the establishment of a Proof of Concept Center (POC). These are entities that provide a bridge between research organizations and private industry in order to facilitate and invest in the commercialization of inventions and innovations generated by fundamental research. The POC will need a staff to manage the program and funds to develop ideas into commercial opportunities by investing in the protection of the intellectual property of the innovation and supporting the development of a physical product that “proves the concept” in the commercial world. If this is done successfully, the innovation will be an attractive opportunity for private investors to invest in.

This budget anticipates that on average 10 projects are identified and each is supported with \$150,000 of investment (\$1.5 million), a staff is employed for a cost of \$500,000, and \$500,000 is expended on facilities, equipment and outreach efforts to implement the research commercialization program. This is an anticipated budget for one year of activity. HSDC will seek to mobilize other financial partners to leverage the State’s commitment and thus enable the POC to operate for several years with the State’s \$2.5 million commitment.

### **Industry Accelerators/Incubators**

\$2.0 million has been allocated to continue supporting the Launch Akamai Venture Accelerator (LAVA) Program. HSDC has made commitments to fund 3 new accelerators under the existing LAVA funding appropriated last year. In addition to the LAVA Program funds, HSDC is investing over \$1 million in the companies participating in the accelerators by investing in investment funds with private sector investors for this purpose. The funds for these investments are from HSDC’s grant from the State Small Business Credit Initiative program of the U.S. Department of Treasury.

As the current LAVA funding and the SSBCI funding are one time grants, HSDC will use the HI Growth Initiative to continue to support the investment requirements of the three accelerators. In addition, if appropriate teams and matching capital can be identified there is an interest in developing accelerators for the food, creative/digital media and clean tech industries.

### **Seed Funds**

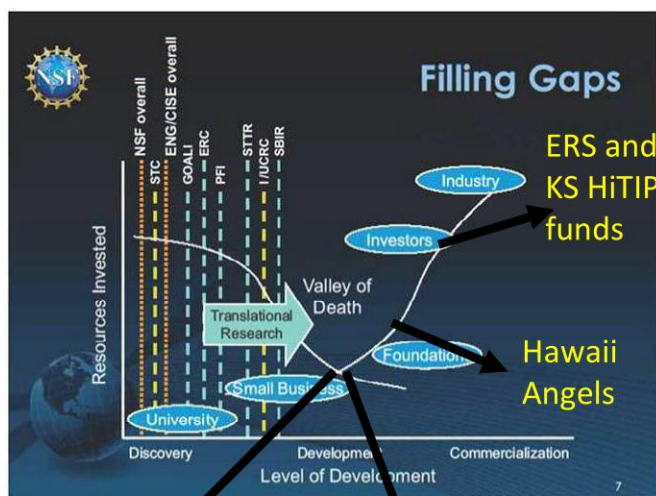
\$5 million is allocated to continue HSDC’s seed fund investment program. HSDC is already in the process of establishing several seed funds: Using \$3 million from the SSBCI grant and \$3 million from the University of Hawaii Foundation, HSDC has established a \$6 million investment fund to invest in startup companies licensing technology from the University of Hawaii.; HSDC is planning to use \$5 million from the SSBCI grant, and matched by \$5 million of private sector capital, to form a \$10 million health care investment fund in Hawaii. Also, discussions are taking place with potential co-investors to match their investment with a commitment of up to \$3 million of the SSBCI grant to an investment fund targeted at small businesses in Hawaii. As mentioned, \$1 million of the SSBCI grant is being used to support the LAVA program and will be matched with private investors. All these funds will be matched at least 1 to 1 by private sector investors.

These seed funds are needed to provide the expansion capital for startup companies graduating from the POC, the accelerators and other business development efforts undertaken by the community. This allows these companies to remain in Hawaii to grow their businesses and to attract other investors.

The \$5 million allocation from the HI Growth Initiative will be used to increase HSDC's commitment to these investing activities in subsequent years, particularly the accelerators, and create new investment funds where sufficient investor interest can be indentified.

## HI Growth Initiative Will Build on the Initial Success of the State's Investment Programs

- **Attacking gaps**
  - Less expensive
  - High impact
  - Engage private sector
- **HSDC Seed Capital Funds (SSBCI)**
  - University \$6 million
  - Healthcare \$10 million
  - Web/Mobile \$8 million (targeted)
- **LAVA Program**
  - Empowering entrepreneurs
  - Establishing accelerators in Tech and Creative Sectors



Launch Akamai Venture Accelerator (LAVA) Program

HSDC Seed Capital Funds

Thank you for the opportunity to provide testimony.



2800 Woodlawn Drive #265  
Honolulu, HI 96822

125 University Ave., Suite 125  
Palo Alto, CA 94301

Chairman  
Committee on Finance  
House of Representatives,  
State Capitol, Conference Room 308  
415 Beretania Street  
Honolulu, HI 956813

SUBJECT: TESTIMONY IN SUPPPORT OF HB858

Dear Chair Luke & Vice Chairs Nishimoto & Johanson

On behalf of Startup Capital Ventures, a Palo Alto & Honolulu-based venture capital firm that has invested over five million dollars (\$5,000,000) in high-technology Hawaii startup companies, all of which are prospering, we strongly support HB858.

HB858 will provide \$20 million of investment capital that will invest in the building blocks of new business formation: research, commercialization, entrepreneur mentoring, and the mobilization of angels and venture capital.

This early stage capital represents a critical rung on the “ladder of finance” that is necessary to the establishment of high-growth & high-tech. businesses that provide high-paying job opportunities that diversify Hawaii’s economy.

The HI Growth Initiative will help create sustainable, high wage jobs that will keep talented people here and bring talented kama`aina home.

Mahalo for your consideration

Timothy Dick  
General Partner

# AKAMAI Foundation

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February 21, 2013

House Committee on Finance  
Rep. Sylvia Luke, Chair  
Rep. Scott Nishimoto, Vice Chair  
State Capitol  
415 South Beretania Street, Conference Room 308  
Honolulu, HI 96813

RE: SUPPORT FOR HB858 THE HIGH GROWTH INITIATIVE

Aloha Chair Luke and Vice-Chair Nishimoto,

We strongly support HB858 and humbly request your support for this initiative.

My name is Johnny Chankhamany and I am the President of The AKAMAI Foundation. The AKAMAI Foundation is an emerging Hawaii-based non-profit CDFI focused on community economic development and training in socioeconomically disadvantaged communities across the State of Hawaii via The AKAMAI Finance Academy and AKAMAI Capital LLC. The AKAMAI Finance Academy (AFA) is a five-year program providing specialized training for students in the areas of social entrepreneurship and business. AKAMAI Capital LLC is a wholly-owned subsidiary of The AKAMAI Foundation and it provides students in the AFA with real-world work experience by hiring students as Analysts into its Pan-Asia Equity Fund or its emerging Community Development Venture Capital (CDVC) fund. The CDVC makes investments into and provides technical assistance & training for companies operating within socioeconomically disadvantaged communities statewide or companies owned by socioeconomically disadvantaged persons.

This bill will make a very significant impact upon the Hawaii economy by providing the Hawaii Strategic Development Corporation with the necessary capital to make investments into investment funds such as our AKAMAI CDVC Fund. The funding provided by HB858 would allow the AKAMAI CDVC Fund to provide the technical assistance, training and capital to small businesses and entrepreneurs who need it most, but are often overlooked.

The **HI Growth Initiative** will provide \$20 million of investment capital that will invest in the critical building blocks of new business formation: research commercialization, entrepreneur mentoring and the mobilization of startup investment capital. Passing this bill will help to create high growth businesses, and provide new opportunities to grow and diversify Hawaii's economy. Most importantly, the HI Growth Initiative will support an entrepreneurial ecosystem that creates high wage jobs that will keep talented people here and bring talented kamaainas home.

If you have any questions or require any additional information, please call me at 808-664-3240 or email me at [jc@akamaifoundation.org](mailto:jc@akamaifoundation.org).

Mahalo,

Johnny Chankhamany  
*President*





Cardax Pharmaceuticals, Inc.

2800 Woodlawn Drive, Suite 129, Honolulu, HI 96822

telephone 808.457.1400

fax 808.237.5901

www.cardaxpharma.com

Testimony in Support of HB 858  
Relating to HI Growth Initiative

House Finance Committee  
Rep. Sylvia Luke, Chair  
Scott Y. Nishimoto, Vice-Chair  
Aaron Ling Johanson, Vice Chair

February 22, 2013  
1:30 PM Room 308

This is David G. Watumull, President and CEO of Cardax Pharmaceuticals, Inc. ("Cardax"). We strongly **support** HB858, Relating to HI Growth Initiative.

Cardax is developing a new class of powerful anti-inflammatory compounds with the efficacy of aspirin and steroids but with the safety of food. We have been fortunate to raise more than \$25 million for our company but start-ups in the life science industry, in Hawaii and elsewhere, face a daunting task to find sufficient financing.

While many people, including many economists, believe that all or most "good" companies with important breakthroughs will be funded by the "market," reality suggests a far different picture. Across the globe, hundreds of promising "early stage" companies or technologies, particularly in the life science arena, are not being funded by traditional venture capital and pharmaceutical company sources. Instead, most of this funding goes to "late stage" companies. To counteract this dynamic, many states, cities, and foundations across the country and around the world are contributing to the creation and support of "early stage" life science companies. To be competitive, Hawaii must do the same if it wants to participate in what many consider to be the largest growth opportunity of the 21<sup>st</sup> century.

In particular, the **HI Growth Initiative** is a good start. It will provide \$20 million of investment capital that will invest in the critical building blocks of new business formation: research commercialization, entrepreneur mentoring, and the mobilization of startup investment capital. Passing this bill will help to create high growth businesses, including the life science companies, and provide new opportunities to grow and diversify Hawaii's economy. Most importantly, the HI Growth Initiative will support an entrepreneurial ecosystem that creates high wage jobs, keeps talented people here, and brings talented kamaaina home.

Sincerely,

David G. Watumull  
President and CEO, Cardax Pharmaceuticals, Inc.  
2800 Woodlawn Dr. Suite 129  
(808) 457-1375  
dwatumull@cardaxpharma.com



[www.Nalukai.org](http://www.Nalukai.org)

January 28, 2013

RE: HB 858 / HI Growth Initiative

To whom it may concern,

I strongly support this bill and believe it will make a significant impact on improving Hawaii's economy and create professional job opportunities for our community.

Myself and two other successful tech entrepreneurs have established a non-profit on the Big Island to help incubate and accelerate Hawaii's tech ecosystem. Nalukai provides an accelerator curriculum for entrepreneurs with ideas who need mentorship and access to small amounts of seed capital. We are headquartered on the Big Island, but will be running our program across the state, serving entrepreneurs on every island.

Nalukai also provides outreach and education to Hawaii's youth to teach them the skills they will need to thrive in a professional tech economy. I was lucky growing up in Hawaii, in a small farm town, to have access to a computer at a young age and the mentorship to help me build things. It is because of that I am now the founder & CEO of CreativeMarket.com, a growing, venture backed internet company.

To build a thriving technology & entrepreneurship community here in Hawaii we need the support of the state. We need the kind of resources that this bill will provide to help the folks on the ground like myself, that are fighting a hard fight to get things kickstarted and running for the long haul. Hawaii's thriving ecosystem is going to be a long term effort, but there are things we can do in the short term to make significant impact and provide ourselves and our state the best opportunity to achieve its goal. This bill is one of those things.

The HI Growth Initiative will provide \$20 million of investment capital that will invest in the critical building blocks of new business formation: research commercialization, entrepreneur mentoring and the mobilization of startup investment capital. Passing this bill will help to create high growth businesses, and provide new opportunities to grow and diversify Hawaii's economy. Most importantly, the HI Growth Initiative will support an entrepreneurial ecosystem that creates high wage jobs that will keep talented people here and bring talented kamaainas home.

Sincerely,

Darius 'Bubs' Monsef  
Founder, Nalukai Foundation. [darius@nalukai.org](mailto:darius@nalukai.org)



To: Rep. Sylvia Luke, Chair; Rep. Scott Y. Nishimoto, Vice Chair; Rep. Aaron Ling Johanson, Vice Chair—Committee of Finance, House of Representatives

Subject: HB858 and is scheduled to be heard on February 22 at 1:30PM in Room 308 of the State Capitol

StartupHui LLC strongly supports HB858 regarding the HI Growth Initiative.

My advisory firm directly supports startup entrepreneurs in early-stage product development, customer acquisition, revenue generation and fundraising. All of these companies face the valley of death in fundraising. Having a local funding community that is supportive of local startup entrepreneurs paves the way for additional investors. Funding leads to shipping product and quality job creation.

In order to attract investment capital to Hawaii businesses, quality deal flow is a must. Entrepreneurs face a long finance continuum that starts with self-funding and moves to angel investment, early stage venture capital and later stage venture capital.

The \$20 million of investment capital proposed in this bill will be critical to filling a serious funding gap resulting from a lack of early stage investment capital needed after angel investors and before professional later stage venture capital. Building funding capacity for new businesses, especially those supported by the accelerator programs that were started and strengthened by funding appropriated in last year's legislature, is very important to sustaining momentum and helping these businesses succeed.

Hawaii must nurture and support high growth business in order to create quality jobs and help diversify the economy. I urge your committee to fund and pass this bill.

Sincerely,  
Russel Cheng  
Founder, StartupHui LLC

# AKAMAI CAPITAL

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February 20, 2013

House Committee on Finance  
Rep. Sylvia Luke, Chair  
Rep. Scott Nishimoto, Vice Chair  
State Capitol  
415 South Beretania Street, Conference Room 308  
Honolulu, HI 96813

RE: SUPPORT FOR HB858 THE HIGH GROWTH INITIATIVE

Aloha Chair Luke and Vice-Chair Nishimoto,

We strongly support HB858 and humbly request your support for this initiative.

My name is Louis Perez and I am the founder of The AKAMAI Foundation and AKAMAI Capital LLC. The AKAMAI Foundation is an emerging Hawaii-based non-profit CDFI focused on community economic development and training in socioeconomically disadvantaged communities across the State of Hawaii via The AKAMAI Finance Academy and AKAMAI Capital LLC. The AKAMAI Finance Academy (AFA) is a five-year program providing specialized training for students in the areas of social entrepreneurship and business. AKAMAI Capital LLC is a wholly-owned subsidiary of The AKAMAI Foundation and it provides students in the AFA with real-world work experience by hiring students as Analysts into its Pan-Asia Equity Fund or its emerging Community Development Venture Capital (CDVC) fund. The CDVC makes investments into and provides technical assistance & training for companies operating within socioeconomically disadvantaged communities statewide or companies owned by socioeconomically disadvantaged persons.

This bill will make a very significant impact upon the Hawaii economy by providing the Hawaii Strategic Development Corporation with the necessary capital to make investments into investment funds such as our AKAMAI CDVC Fund. The funding provided by HB858 would allow the AKAMAI CDVC Fund to provide the technical assistance, training and capital to small businesses and entrepreneurs who need it most, but are often overlooked.

The **HI Growth Initiative** will provide \$20 million of investment capital that will invest in the critical building blocks of new business formation: research commercialization, entrepreneur mentoring and the mobilization of startup investment capital. Passing this bill will help to create high growth businesses, and provide new opportunities to grow and diversify Hawaii's economy. Most importantly, the HI Growth Initiative will support an entrepreneurial ecosystem that creates high wage jobs that will keep talented people here and bring talented kamaainas home.

If you have any questions or require any additional information, please call me at 808-664-3240 or email me at [l.perez@akamaicapital.com](mailto:l.perez@akamaicapital.com).

Mahalo,

Louis F. Perez III  
*Founder & Managing Director*

# AKAMAI CAPITAL

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February 20, 2013

House Committee on Finance  
Rep. Sylvia Luke, Chair  
Rep. Scott Nishimoto, Vice Chair  
State Capitol  
415 South Beretania Street, Conference Room 308  
Honolulu, HI 96813

RE: SUPPORT FOR HB858 THE HIGH GROWTH INITIATIVE

Aloha Chair Luke and Vice-Chair Nishimoto,

We strongly support HB858 and humbly request your support for this initiative.

My name is Segundo-Justin K. Sarce IV and I am a student and employee of The AKAMAI Foundation and AKAMAI Capital LLC. The AKAMAI Foundation is an emerging Hawaii-based non-profit CDFI focused on community economic development and training in socioeconomically disadvantaged communities across the State of Hawaii via The AKAMAI Finance Academy and AKAMAI Capital LLC. The AKAMAI Finance Academy (AFA) is a five-year program providing specialized training for students in the areas of social entrepreneurship and business. AKAMAI Capital LLC is a wholly-owned subsidiary of The AKAMAI Foundation and it provides students in the AFA with real-world work experience by hiring students as Analysts into its Pan-Asia Equity Fund or its emerging Community Development Venture Capital (CDVC) fund. The CDVC makes investments into and provides technical assistance & training for companies operating within socioeconomically disadvantaged communities statewide or companies owned by socioeconomically disadvantaged persons.

This bill will make a very significant impact upon the Hawaii economy by providing the Hawaii Strategic Development Corporation with the necessary capital to make investments into investment funds such as our AKAMAI CDVC Fund. The funding provided by HB858 would allow the AKAMAI CDVC Fund to provide the technical assistance, training and capital to small businesses and entrepreneurs who need it most, but are often overlooked.

The **HI Growth Initiative** will provide \$20 million of investment capital that will invest in the critical building blocks of new business formation: research commercialization, entrepreneur mentoring and the mobilization of startup investment capital. Passing this bill will help to create high growth businesses, and provide new opportunities to grow and diversify Hawaii's economy. Most importantly, the HI Growth Initiative will support an entrepreneurial ecosystem that creates high wage jobs that will keep talented people here and bring talented kamaainas home.

If you have any questions or require any additional information, please call me at 808-237-0263 or email me at [j.sarce@akamaicapital.com](mailto:j.sarce@akamaicapital.com)

Mahalo,

Segundo-Justin K. Sarce IV  
*Trader & Senior Analyst*

# Creative

## MARKET

[www.CreativeMarket.com](http://www.CreativeMarket.com)

January 28, 2013

RE: HB 858 / HI Growth Initiative

To whom it may concern,

I strongly support this bill and believe it will make a significant impact on improving Hawaii's economy and create professional job opportunities for our community.

I am the founder & CEO of CreativeMarket.com, and online startup much like the kind of company that would be supported by this bill. My company was incubated at a mainland tech accelerator in Silicon Valley and we've since gone on to raise \$2.5M in venture capital from top firms. I've spent the past 18 months living back in Hawaii, running my company remotely and trying to help build Hawaii's tech ecosystem. But, because Hawaii doesn't yet have a strong network of talent, investors and services providers I end up having to spend half my time on the road traveling back and forth to the mainland.

I'm in the process of reversing my commute and will be spending a majority of my time back in Silicon Valley over the next year to focus on giving my company the best opportunity for it to succeed. I've hired two, professional wage earning, software engineers in the state and have 5 open positions to fill but can't find the talent here on Islands. I'm also looking to raise another \$5-10M in growth capital in the next several months, but we don't have access to that kind of investors here either. I'm committed to and working hard to improve the tech ecosystem here in Hawaii and will be acting as a bridge from our Islands to the heart of it in Silicon Valley.

I was born and raised in Hawaii and plan to raise all my children here too, but right now our ecosystem for tech & entrepreneurship doesn't have the resources it needs to grow and become a thriving place for technology companies to call home. This bill can change that.

The HI Growth Initiative will provide \$20 million of investment capital that will invest in the critical building blocks of new business formation: research commercialization, entrepreneur mentoring and the mobilization of startup investment capital. Passing this bill will help to create high growth businesses, and provide new opportunities to grow and diversify Hawaii's economy. Most importantly, the HI Growth Initiative will support an entrepreneurial ecosystem that creates high wage jobs that will keep talented people here and bring talented kamaainas home.

Sincerely,



Darius 'Bubs' Monsef  
Founder, Creative Market Labs, Inc. [darius@creativemarket.com](mailto:darius@creativemarket.com)

## **FINTestimony**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, February 20, 2013 7:33 PM  
**To:** FINTestimony  
**Cc:** d.ababa@akamaicapital.com  
**Subject:** \*Submitted testimony for HB858 on Feb 22, 2013 13:30PM\*

### **HB858**

Submitted on: 2/20/2013

Testimony for FIN on Feb 22, 2013 13:30PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Debbie Ababa	AKAMAI Capital LLC	Support	No

#### Comments:

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## **HB 858**

We strongly support this bill

Hawaii Angels is Hawaii's only private angel investment network. We have 80 members statewide and have invested \$30 million into over 60 companies in the last 10 years. The growth initiative will help to fuel new company development and investment in Hawaii creating a more robust investment environment for angel investing.

The *HI Growth Initiative* will provide \$20 million of investment capital that will invest in the critical building blocks of new business formation: research commercialization, entrepreneur mentoring and the mobilization of startup investment capital. Passing this bill will help to create high growth businesses, and provide new opportunities to grow and diversify Hawaii's economy. Most importantly, the HI Growth Initiative will support an entrepreneurial ecosystem that creates high wage jobs that will keep talented people here and bring talented kamaaina home.

Sincerely,

Chenoa Farnsworth  
Managing Director





## **HB 858**

We strongly support this bill

Blue Startups is a venture accelerator program which aims to seed approximately 15 new companies a year with funding and mentorship in order to grow the next generation of high growth companies in Hawaii. State support through the LAVA program has helped get this program off the ground and additional funding for the investment sector will assist the program and the companies graduating from it to thrive.

The *HI Growth Initiative* will provide \$20 million of investment capital that will invest in the critical building blocks of new business formation: research commercialization, entrepreneur mentoring and the mobilization of startup investment capital. Passing this bill will help to create high growth businesses, and provide new opportunities to grow and diversify Hawaii's economy. Most importantly, the HI Growth Initiative will support an entrepreneurial ecosystem that creates high wage jobs that will keep talented people here and bring talented kamaaina home.

Sincerely,

Meli James  
Program Manager

## FINTestimony

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, February 20, 2013 2:41 PM  
**To:** FINTestimony  
**Cc:** melissa@hawaiiifashion.org  
**Subject:** Submitted testimony for HB858 on Feb 22, 2013 13:30PM

### **HB858**

Submitted on: 2/20/2013

Testimony for FIN on Feb 22, 2013 13:30PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Melissa White	Hawaii Fashion Incubator	Support	No

Comments: Thank you for the opportunity to testify in favor of this bill. The HI growth initiative will support entrepreneurs in diverse sectors such as fashion, food and technology. Creating a thriving entrepreneurial community will help to brand Hawaii as a center for innovation and creative industry. Bolstering creative industries such as fashion creates local job opportunities across the entire production cycle and results in value added, exportable products that elevate the Made in Hawaii brand. Hawaii's fashion industry has thousands of stakeholders, and retail continues to provide a major revenue source for the state. Hifi's aim, with the support provided by this initiative, will be to direct more of those retail dollars to local businesses, establish Hawaii as a fashion destination, and elevate Hawaii fashion as an internationally recognized brand. Mahalo.

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## FINTestimony

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Thursday, February 21, 2013 12:29 PM  
**To:** FINTestimony  
**Cc:** pjusteson@gmail.com  
**Subject:** Submitted testimony for HB858 on Feb 22, 2013 13:30PM

### **HB858**

Submitted on: 2/21/2013

Testimony for FIN on Feb 22, 2013 13:30PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Peter Justeson	Hawaii Association of Media Arts	Support	No

Comments: Dear Chair, Vice Chairs and Members of the Committee, As a member of the Hawaii Association of Media Arts, I strongly support HB858 regarding the HI Growth Initiative. In order to attract investment capital to Hawaii businesses, quality deal flow is a must. Entrepreneurs face a long finance continuum that starts with self-funding and moves to angel investment, early stage venture capital and later stage venture capital. As professionals and members of the Hawaii Association of Media Artists, we believe the \$20 million of investment capital proposed in this bill will be critical to filling a serious funding gap resulting from a lack of early stage investment capital needed after angel investors and before professional later stage venture capital. Building funding capacity for new businesses, especially those supported by the accelerator programs that were started and strengthened by funding appropriated in last year's legislature, is very important to sustaining momentum and helping these businesses succeed. Hawaii must nurture and support high growth business in order to create quality jobs and help diversify the economy. Our digital media industry provides high quality jobs with broad opportunities for growth. The digital media industry not only requires creative development teams to write scripts, create digital artwork and music, but employs technicians who are skilled in 3D technologies, information technology, computer science, engineering, app development and programming. Digital media companies provide a long-term, sustainable opportunity for jobs and development of products, while maintaining a work-force of Hawaii residents. The HI Growth Initiative will provide \$20 million of investment capital that will invest in the critical building blocks of new business formation: research commercialization, entrepreneur mentoring and the mobilization of startup investment capital. Passing this bill will help to create high growth businesses, and provide new opportunities to grow and diversify Hawaii's economy. Most importantly, the HI Growth Initiative will support an entrepreneurial ecosystem that creates high wage jobs that will keep talented people here and bring talented kamaaina home. I urge your committee to pass this bill and support our industry in Hawaii.

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**TO:** Chairman, House Finance Committee

**FR:** Dr. Philip Bossert

**DT:** 2/20/13

**RE:** HB 858

Members of the House Finance Committee,

I write to strongly support House Bill 858, the Hawaii Growth Initiative, because I believe that Hawaii needs to build multiple industries to support its future. Tourism and the military are the current dominate industries, but both are cyclical and dependent upon forces outside of our control. Investing in local industries – mostly in the high tech area – that are conceived and innovated by Hawaii’s proven talent will provide a much-needed balance to the ever-shifting economies of tourism and the military.

The *HI Growth Initiative* will provide \$20 million of investment capital that will help to create the critical building blocks of new business formation: research commercialization, entrepreneur mentoring and the mobilization of startup investment capital. Passing this bill will help to create high growth businesses, and provide new opportunities to grow and diversify Hawaii’s economy. Most importantly, the HI Growth Initiative will support an entrepreneurial ecosystem that creates high wage jobs that will keep talented people here and bring talented kamaaina home.

Hawaii does not lack innovative and entrepreneurial citizens, but all too often – usually for the lack of financial support – our best and brightest must move elsewhere in the world to bring their inventions to fruition. The *HI Growth Initiative* funds provided for investment will be matched with additional investment funds and invested locally, creating excellent jobs to keep Hawaii’s talent at home and to build alternate bases for Hawaii’s economy.

I urge you to pass HB 858 and the promise that it holds for Hawaii’s economy.

## FINTestimony

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Thursday, February 21, 2013 9:25 AM  
**To:** FINTestimony  
**Cc:** info@coxiststudio.com  
**Subject:** Submitted testimony for HB858 on Feb 22, 2013 13:30PM

### **HB858**

Submitted on: 2/21/2013

Testimony for FIN on Feb 22, 2013 13:30PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Casea Collins-Wright	CoXist Studio	Support	No

Comments: We at CoXist Studio strongly support this bill and initiative in Hawai'i. CoXist Studio is a newly opened event venue, gallery, and community center in Kaka'ako. We provide strong community outreach and innovative events to enrich the creative Oahu community. The Hi Growth Initiative will support young, creative businesses such as ours by providing investment capital, and a boost of our startup economy here in Hawai'i, which both newcomers and the kamaaina need. At CoXist Studio- we thrive on diversity, and the Hi Growth Initiative will help to keep that going. Thank you for your time and we hope for you blessing and support on this bill. Sincerely, Casea Collins-Wright Co-Founder: CoXist Studio

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COLLINS+8TH

■ Dear Hawaii State Legislature,

I. We strongly support The HI Growth Initiative HB858 Bill.

II. My name is Maida Montemayor and I am the owner of Collins+8th, an upscale Men's and Women's boutique in the developing Kakaako area. Since we opened in July 2011, Collins+8th was voted Best Locally Owned Boutique for HONOLULU Magazine 2012 and 2013; mentioned in Modern Luxury Hawaii's Best of the Islands 2012 Issue for Best Threads; and was nominated and selected as Retail Merchants of Hawaii Ho'okela Finalist for Best New Retail Business of the Year 2012.

Since our beginnings, we have strived to discover, support and promote emerging talents in the Hawaii fashion industry, including Andy South, Allison Izu Denim, Matt Bruening, Wonderland Denim, Khush, Gillia, Evening Invitation, Emily Blue Jewelry, Reise Kochi Handbags, Issa de Mar Swimwear and Kaimana Beachwear. At least 25-50% of our total inventory offered, represents Hawaii designers. In addition to educating our clients about Hawaii talent, we have also succeeded in promoting these designers to a market outside of Hawaii, through national and international press. We have been blessed with media coverage on Hawaii News Now, Crazy for Hawaii TV Show in Japan, ELLE Japan, and LUCKY Magazine (US), just to name a few. We also ventured out on our own to Japan and hosted a Collins+8th pop-up shop in Daikanyama, Japan in April 2012, where we featured many of our favorite Hawaii designers, helping to reach more of the international market and build awareness of Hawaii's emerging fashion culture.

In addition to Hawaii designers, we have also helped to support, build, and promote new talent in other supporting aspects of the Fashion industry, including hair/makeup stylists, wardrobe stylists, photographers, videographers, and models. We have also collaborated with other local Artist movements, such as Art + Flea, in their monthly community event. Through our social media, we also highly promote and build awareness of new establishments, ranging from other locally owned boutiques, cafes, restaurants and services.

Currently, we have expanded our focus to not just discovering new designers, but also developing our own designs. Our past collaborations with Hawaii designers have been published in national and international media and have been well received by markets outside of Hawaii, made available via our online website, gaining new clients throughout the US, Puerto Rico and Japan. With Hawaii as our base, we would like to continue our business growth, as well as continue to promote and build awareness of Hawaii's emerging fashion designers.

We feel that this bill would benefit us greatly because as a new company, it has been a challenge to obtain business funding, which is necessary and critical for our growth. Through mobilization of investment capital, we hope to obtain funding which will help us continue being a direct consumer of Hawaii designers, as well as contributing to the increase of outside consumership of these designers, as well as our own designs, worldwide. In addition, as we are in the process of launching our own designs, we are striving to manufacture with local companies, thereby stimulating more of the local economy and also perpetuating the "Made in Hawaii" movement. Lastly, I was a nurse for 12 years prior to starting this company and the entrepreneur mentoring described in this bill, would

have also been of great use to me. I know it would help many other young and talented Hawaii entrepreneurs, who are everyday, tempted to leave our beautiful home to find opportunity elsewhere.

In closing, after living outside of Hawaii and traveling the world; and despite hearing all the challenges a small business owner faces in our island paradise, I realized that I could have easily chosen to start my business and live my life somewhere else, but I didn't. I chose to come back home to Hawaii because I love it here, and I feel like it's my duty to share our greatness with the rest of the world, which I am doing and will continue to do through my daily customer interactions, one beautiful piece of clothing at a time.

### III. HI Growth Initiative Paragraph

"The HI Growth Initiative will provide \$20 million of investment capital that will invest in the critical building blocks of new business formation: research commercialization, entrepreneur mentoring and the mobilization of startup investment capital. Passing this bill will help to create high growth businesses, and provide new opportunities to grow and diversify Hawaii's economy. Most importantly, the HI Growth Initiative will support an entrepreneurial ecosystem that creates high wage jobs that will keep talented people here and bring talented kamaaina home."

Please feel free to contact me for more info at 808.593.9696 or via my email at [maida@collinsand8th.com](mailto:maida@collinsand8th.com). Thank you for your time and consideration, in advance.

Best Regards,

Maida Montemayor  
Collins+8th

Doi & D'Angelo Artworks DBA Ecolicious  
Dexter Doi, partner  
Carol D'Angelo, partner  
46-070 Makena Pl.  
Kaneohe, HI 96744  
808-247-4413

Dear House Finance Committee,

We strongly support the HB858 bill. We are partners in a small company that we started 4 yrs ago. We design and produce canvas tote bags, fabric bags, tees, cards, magnets and other types of artwork. We are a husband and wife artist team that designs all of our products. The majority of our products are made in Hawaii. The ones that can't be produced here are made off shore. If we could make it all here, we would but the reality is that we can't.

A bill like the one proposed would help a company like ours. We are small, but we are selling our goods to many stores. We also sell our goods at gift shows and other events. The response to our products has been very good. We pride ourselves on producing the highest quality product for the best possible price, so the people will be able to afford and use them. We have grown a lot since we started our business, but we have only scratched the surface.

We could use a mentoring program to help us navigate our growth. We could use help in marketing our products to larger markets. We could benefit from access to more information concerning our business. We could also benefit from any additional capital to expand our business.

We use other outside people such as seamstresses and businesses such as silk screeners. Once our business grows, we will certainly begin to hire employees. We are the type of start up company that is ready for the next leap. We hope this bill could provide us with an opportunity to achieve these goals.

Sincerely,  
Dexter Doi  
Carol D'Angelo



## FINTestimony

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, February 20, 2013 5:35 PM  
**To:** FINTestimony  
**Cc:** alfonso silvana1@gmail.com  
**Subject:** Submitted testimony for HB858 on Feb 22, 2013 13:30PM

### **HB858**

Submitted on: 2/20/2013

Testimony for FIN on Feb 22, 2013 13:30PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
silvana alfonso	mod. vintage	Support	No

Comments: i support this initiative and i hope it can continue grow because it really could be a great asset for our community bringing tools to create and stimulate creativity especially for the youth.  
sincerely alfonso silvana

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## FINTestimony

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, February 20, 2013 7:26 PM  
**To:** FINTestimony  
**Cc:** therays430@mac.com  
**Subject:** Submitted testimony for HB858 on Feb 22, 2013 13:30PM

### **HB858**

Submitted on: 2/20/2013

Testimony for FIN on Feb 22, 2013 13:30PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Denyse Ray	Lady Ease Limited dba Ease Collection	Support	Yes

Comments: Testimony sent under separate cover

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Statement of Support for HB858

I strongly support this bill.

My youngest daughter is a graduate of the excellent fashion program at Honolulu Community College. She wants to live and work here at home but there are few opportunities. Passing this bill will help to create businesses here at home to support our future. Two of my three daughters have had to move to the mainland to pursue a career and find a future beyond a low minimum wage. They are not professional people but middle-class women who don't want to constantly struggle to pay the rent and be independent. Let's keep our clever kama`aina home and allow them to contribute to our State.

Thank you for your time.

Respectfully,

Carlynn Wolfe  
1020 Green Street #108  
Honolulu, HI 96822

## **FINTestimony**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, February 20, 2013 1:24 PM  
**To:** FINTestimony  
**Cc:** dan@ikayzo.com  
**Subject:** Submitted testimony for HB858 on Feb 22, 2013 13:30PM

### **HB858**

Submitted on: 2/20/2013

Testimony for FIN on Feb 22, 2013 13:30PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Daniel Leuck	Individual	Support	No

Comments: As the organizer for TechHui, an online community of Hawaii technologists and tech entrepreneurs with over 3,000 members, I believe this funding will assist in fostering a healthy entrepreneurial technology ecosystem in Hawaii.

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## FINTestimony

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Thursday, February 21, 2013 8:24 AM  
**To:** FINTestimony  
**Cc:** rcullenplay@aol.com  
**Subject:** Submitted testimony for HB858 on Feb 22, 2013 13:30PM

### **HB858**

Submitted on: 2/21/2013

Testimony for FIN on Feb 22, 2013 13:30PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Roberta Cullen	Individual	Support	No

Comments: The HI Growth Initiative will support a group of creative individuals, many of whom leave Hawaii, because there isn't enough support here. Keep these Hawaii creatives in Hawaii.

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## FINTestimony

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, February 20, 2013 4:17 PM  
**To:** FINTestimony  
**Cc:** alan.hayashi@baesystems.com  
**Subject:** Submitted testimony for HB858 on Feb 22, 2013 13:30PM

### **HB858**

Submitted on: 2/20/2013

Testimony for FIN on Feb 22, 2013 13:30PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Alan Hayashi	Individual	Support	No

Comments: HB858 Testimony in support. I support this measure to provide a continuum of funding for the most promising of the technology sector start ups. HSDC has exhibited the expertise to administer this fund on behalf of the State. Thank you for the opportunity to submit testimony on HB858.

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## FINTestimony

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, February 20, 2013 4:18 PM  
**To:** FINTestimony  
**Cc:** holland.wood@ikehu.com  
**Subject:** Submitted testimony for HB858 on Feb 22, 2013 13:30PM

### **HB858**

Submitted on: 2/20/2013

Testimony for FIN on Feb 22, 2013 13:30PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Holland Wood	Ikehu, Inc.	Support	No

Comments: This bill is crucial as means to catalyze Hawaii's entrepreneurial ecosystem. On behalf of my technology start-up, I strongly support this bill.

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My name is Faruq Ahmad, and I am writing in strong support of SB718 for the HI Growth Initiative, to appropriate \$20m for the purposes of research commercialization, entrepreneur mentoring, and startup capital. Subject to proper implementation, it is my opinion that such a program will be extremely valuable to the success of Hawaii's innovation and entrepreneurial ecosystem.

Thank you for this opportunity to provide testimony, and I would be happy to clarify or expand on any aspect of my comments.

I am resident in Silicon Valley, with a home in Hawaii. I have over the past seven years developed and maintained close connections with the innovation and entrepreneurial community in Hawaii. I have had the honor to serve several times as finals' judge at the UH Manoa PACE business plan competition, and as a Virtual Professional in Residence; I am privileged to have been and continue to be advisor to startup companies in Hawaii, and to some in the venture capital community; and, I have personally been a Hawaii startup-company investor.

I am currently a lead mentor at Blue Startups, an HSDC funded accelerator.

In Silicon Valley, I have over the years been founder of two software companies (one venture-capital backed), a venture capitalist and Board member at startup companies, and an investor in venture capital funds, so that I have personal experience with all these levels of the innovation ecosystem. In my professional capacity I have invested in the "startup markets" of India and China during their early days, as well as in startup companies and funds in Silicon Valley. I currently advise companies, as well as venture capital funds.

I have observed how through investments such as those proposed by HSDC through the HI Growth initiative, geographically insular communities like Singapore were able to connect globally to train their entrepreneurs and attract investment, establish high standards and best practices, promote their competitive edge to investors and entrepreneurs, and more successfully manage their offshore venture fund portfolios to strategic benefit and leverage for company investment. Most important, to adapt their traditional cultures to be hospitable to the technology based entrepreneurial mindset. This almost always requires some break with tradition. All these communities (India, China, Singapore, etc.) benefited from strong links to Silicon Valley and to their diaspora, and European companies today are similarly leveraging their historic ties (see for example a recent article authored by me at <http://venturebeat.com/2013/01/11/european-startups-now-is-your-time-to-shine/>).

Based on my experience in Silicon Valley and my observations in Hawaii over the past several years, I would add the following comments which I believe are pertinent to this initiative:

--To attract private capital and to build a sustaining ecosystem in Hawaii, investment projects must focus relentlessly on investor returns. Such a focus is not always in harmony with near-term community goals, nor with comfort zones. If companies and Boards were motivated to recruit a mix of kama'aina and non-Hawaii stakeholders of suitable caliber, this would help surface issues in a timely way and to sharpen the discussion.

--While the top-tier of the Hawaii entrepreneurial community are successful, sophisticated and global, an effective way to empower the middle ranks is to invest in "cultural" links to Silicon Valley by supporting regular and routine interaction by Hawaii entrepreneurs. This could be accomplished by (for example) renting workspace at a Silicon Valley incubator and budgeting for split teams where appropriate.

--It is in vogue to say that one learns from failure, but the fact is that failure is hard on egos and reputations, and learning is not always so easy. With long memories and a small community, this is especially difficult in Hawaii where in some instances may be possible to keep a company going indefinitely on life-support. Investments by off-island venture capital firms in Hawaii companies will help promote best practices, including encouraging the restart of failed ventures, and thereby giving entrepreneurs the prospect of a fresh start.

The common theme in my suggestions is active and purposeful bridge building to the outside (such as, to Silicon Valley) with company team members, Board members, mentors, capital sources, customers



and partners. Such activities may involve expenditures outside Hawaii, but if properly managed this will be money well spent.

If the HI Growth Initiative is fully funded and properly directed, this will enable the Innovation and Entrepreneurship community in Hawaii to build sustainable two-way bridges between Hawaii and Silicon Valley, and between Hawaii and its natural partners in the fast growing economies of Asia.

## FINTestimony

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, February 20, 2013 4:47 PM  
**To:** FINTestimony  
**Cc:** tabraham08@gmail.com  
**Subject:** \*Submitted testimony for HB858 on Feb 22, 2013 13:30PM\*

### **HB858**

Submitted on: 2/20/2013

Testimony for FIN on Feb 22, 2013 13:30PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Troy Abraham	Individual	Support	No

#### Comments:

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## FINTestimony

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, February 20, 2013 4:27 PM  
**To:** FINTestimony  
**Cc:** rod@auroraresearch.com  
**Subject:** Submitted testimony for HB858 on Feb 22, 2013 13:30PM

### **HB858**

Submitted on: 2/20/2013

Testimony for FIN on Feb 22, 2013 13:30PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Roderick T. Hinman	Individual	Support	No

Comments: I support this bill. My name is Rod Hinman, and I live in Kailua Kona. I am the owner of an electrical engineering design consulting business, and the co-founder/CTO of Ikehū, Inc., a start-up that is creating software for utility companies. This software will help them engage their customers and give those customers incentives to use electricity responsibly. HB858 will help our fledgling company and others like it to find investment capital and assistance in a healthy entrepreneurial community here in Hawaii. Many technology companies will be like us: we expect that most of our customers will be mainland utilities, so that we will be drawing money into the state. The HI Growth Initiative will provide \$20 million of investment capital that will invest in the critical building blocks of new business formation: research commercialization, entrepreneur mentoring and the mobilization of startup investment capital. Passing this bill will help to create high growth businesses, and provide new opportunities to grow and diversify Hawaii's economy. Most importantly, the HI Growth Initiative will support an entrepreneurial ecosystem that creates high wage jobs that will keep talented people here and bring talented kamaaina home. Thank you for your consideration. Aloha, Rod Hinman

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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