



**Testimony to the House Committee on Economic Development & Business  
Tuesday, February 3, 2015 at 9:00 A.M.  
Conference Room 312, State Capitol**

**RE: HOUSE BILL 1070 RELATING TO DEVELOPMENT**

Chair Kawakami, Vice Chair Kong, and Members of the Committee:

The Chamber of Commerce of Hawaii ("The Chamber") **strongly supports** HB 1070, which appropriates funds to the Hawaii strategic development corporation to continue developing the Hawaii growth initiative and appropriates funds to the high technology development corporation to facilitate the development and growth of Hawaii's commercial high technology industry.

The Chamber is the largest business organization in Hawaii, representing over 1,000 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.

The Chamber recognizes the importance to grow the innovation sector in order to create a vibrant, sustainable economic future for Hawaii's citizens and to provide opportunities for Hawaii's future generations to pursue a productive career in Hawaii. HB 1070 provides crucial funding to continue the Hawaii Growth Initiative and to develop Hawaii's high technology industry, two key sectors of the state's economy that the Chamber supports.

Over the past several years, partnerships with entrepreneurs, corporates, investors, non-profits, and local governments have established a vibrant statewide innovation ecosystem branded as the "Startup Paradise". Startup Paradise includes nationally-recognized Hawaii accelerator programs that help launch 25 new companies per year along with numerous events that showcase Hawaii startups to private investors. Startup Paradise also includes investment programs that help commercialize the University of Hawaii's world-class research and 5 Hawaii-based investment funds that span the startup life cycle.

The Chamber is committed to working together with others in the business and innovation community to grow Hawaii's economy.

Thank you for the opportunity to testify.



HAWAII  
STRATEGIC  
DEVELOPMENT  
CORPORATION

Written Statement of

**KARL FOOKS**  
**President**

Hawaii Strategic Development Corporation

Before the  
**COMMITTEE ON ECONOMIC DEVELOPMENT AND BUSINESS**

**February 3, 2015**  
**9:00 AM**

**State Capitol, Conference Room 312**

In consideration of  
**HB 1070 RELATING TO DEVELOPMENT**

Chair Kawakami, Vice Chair Kong, and Members of the Committee on Economic Development and Business:

The Hawaii Strategic Development Corporation (HSDC) respectfully submits testimony in support of the HI Growth Initiative. The HI Growth Initiative is an economic development program to invest in an innovation ecosystem that will support entrepreneurial high growth businesses and create high wage jobs for our people.

Nurturing the Innovation Economy is a key part of Governor David Ige's action plan to generate economic growth and create jobs. Growing the innovation sector is the best opportunity to create a vibrant, sustainable economic future for Hawaii's citizens and provide opportunities for Hawaii's young people to pursue a productive career here in Hawaii. Governor David Ige has proposed a \$10 million infusion for the HI Growth Initiative.

The HI Growth Initiative was appropriated \$6 million in 2013 and, together with funding from the Launch Akamai Venture Accelerator Program and the funds allocated by the U.S. Department of the Treasury's State Small Business Credit Initiative, has been a catalyst to develop critical pieces of Hawaii's innovation ecosystem: entrepreneurial development, commercialization and startup investment capital.

Over the past several years, The HI Growth Initiative has partnered with entrepreneurs, corporates, investors, non-profits and local governments to establish a vibrant statewide innovation ecosystem that the innovation community has branded "Startup Paradise". From virtually no activity just four years ago, Startup Paradise now includes nationally-recognized Hawaii accelerator programs that help launch 25 new companies per year; numerous events that showcase Hawaii startups to private investors; investment programs that help commercialize the University of Hawaii's world-class research; and 5 Hawaii-based investment funds that span the startup lifecycle.

Enterprise Honolulu, the Hawaii Business Roundtable and the Chamber of Commerce of Hawaii have all voiced strong support for the HI Growth Initiative. These organizations, together with the innovation community are committed to growing Hawaii's economy.

Enterprise Honolulu's recent report, The Innovation Framework Forward: resilient and resourceful, our past and future are tied to innovators, describes the ecosystem supported by the HI Growth Initiative. The report is available on Enterprise Honolulu's website, <http://www.enterprisehonolulu.com/index.php/projects> .

### HI Growth Initiative Investment Program

January 30, 2015

	State		Federal	Private Capital	Total Fund Size
	LAVA	HI Growth	SSBCI		
<b>Beginning Balance</b>	\$ 2,000,000	\$ 6,000,000	\$ 13,168,350		
<b>Existing Obligations:</b>					
Blue Startups	\$ 700,000			\$ 700,000	
Blue Ventures			\$ 520,000	\$ 520,000	\$ 1,040,000
UPSIDE			\$ 3,000,000	\$ 3,000,000	\$ 6,000,000
mbloom		\$ 2,000,000	\$ 3,000,000	\$ 5,000,000	\$ 10,000,000
Startup Capital		\$ 500,000	\$ 4,000,000	\$ 15,704,081	\$ 20,204,081
GVS Transmedia Accelerator	\$ 700,000			\$ 700,000	
GTA Development Fund		\$ 75,000	\$ 425,000	\$ 500,000	\$ 1,000,000
GTA Development Follow-on Fund		\$ 1,500,000			\$ 1,500,000
CAN Program		\$ 100,000		\$ 100,000	
Innovation Reports		\$ 150,000			
<b>Total Obligated Funds</b>	\$ 1,400,000	\$ 4,325,000	\$ 10,945,000	\$ 26,224,081	\$ 39,744,081
<b>Remaining Unobligated Funds:</b>	\$ 600,000	\$ 1,675,000	\$ 2,223,350		
<b>Obligations In Progress:</b>					
Energy Execlerator Follow-on Fund	\$ (150,000)		\$ (1,500,000)		
Blue Ventures II	\$ (400,000)	\$ (100,000)	\$ (500,000)		
Fund Management Software Project		\$ (250,000)			
Broadband Pilot Project		\$ (250,000)			
CAN Program II		\$ (100,000)			
Admin (Expended and Reserved)	\$ (50,000)	\$ (250,000)	\$ (223,350)		
<b>Balance</b>	\$ -	\$ 725,000	\$ -		

From: Bee Leng Chua <bchua@hibeam.org>  
Sent: Monday, February 02, 2015 8:33 AM  
To: edbtestimony  
Subject: Support for HB 1070

Chair Kawakami, Vice Chair Kong, and Members of the Committee on Economic Development and Business:

I respectfully submit testimony in strong support of HB 1070 appropriating funds to the Hawaii Strategic Development Corporation for the HI Growth Initiative. This funding is needed to continue the HI Growth Initiative, which has worked in partnership with the innovation community to establish a vibrant statewide innovation ecosystem. Growing the innovation sector is the best opportunity to create a sustainable economic future for Hawaii's citizens and provide opportunities for Hawaii's young people to pursue a productive career here in Hawaii.

The HI Growth Initiative has to continue as much momentum has been established. Awareness has been built and the community is benefiting from the support and encouraged to come up with their own initiatives adding to the overall efforts of the State.

Thank you for the opportunity to provide testimony.

Sincerely,

Bee Leng

Bee Leng Chua, PhD  
Executive Director  
HiBEAM  
650 Iwilei Road, Suite 218  
Honolulu, HI 96817  
Tel: +1 808-722-6289  
[bchua@hibeam.org](mailto:bchua@hibeam.org)  
[www.hibeam.org](http://www.hibeam.org)



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

February 1st, 2015

**RE: SUPPORT FOR HB 1070, RELATING TO DEVELOPMENT**

To Chair Kawakami, Vice Chair Kong, and Members of the Committee on Economic Development and Business:

I am Donald Kosak, managing partner of Nalukai Foundation, a nonprofit organization to promote entrepreneurship and innovation in Hawaii.

Nalukai Foundation **strongly supports** HB 1070 appropriating funds to the Hawaii Strategic Development Corporation for the HI Growth Initiative. This initiative plays a critical role in the development of Hawaii's innovation and entrepreneurial community through its programs and services. It encourages and supports the creation of new businesses and new high value jobs in our community.

Thank you for the opportunity to submit testimony on this bill.

Sincerely,

Donald Kosak

Written Statement of  
**ROBBIE MELTON**  
**Executive Director & CEO**  
High Technology Development Corporation  
before the  
**HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS**  
Tuesday, February 3, 2015  
9:00 a.m.  
State Capitol, Conference Room 312  
In consideration of

**HB1070 RELATING TO DEVELOPMENT.**

Chair Kawakami, Vice Chair Kong, and Members of the Committee on Economic Development & Business.

The High Technology Development Corporation (HTDC) **supports** HB1070 appropriating funds to the Hawaii Strategic Development Corporation (HSDC) to support the HI Growth Initiative and for HTDC to expand services supporting innovation companies.

This year HTDC launched an ambitious plan to grow 80,000 new innovation jobs earning \$80,000 or more by 2030. Our objectives are to 1) facilitate economic prosperity on all islands 2) attract prominent innovators and businesses to Hawaii 3) create the right jobs so our kama ‘aina can stay in Hawaii 4) increase the survival rate of Hawaii tech companies 5) build Hawaii’s reputation as the perfect place to do business. Building an innovation economy in Hawaii is an excellent opportunity to sustain Hawaii’s future. Innovation is driving growth for the US economy and will do the same for Hawaii. HTDC requires additional funding to support new programs such as the Neighbor Island Innovation Initiatives and projects such as new tech parks.

Thank you for the opportunity to offer these comments.



## Hawaii Tech Exchange

808.495.0797    don@hitx.co    259 Haili Street, Hilo HI 96720

February 1, 2015

RE: Testimony in Support of HB 1070

To Chair Kawakami, Vice Chair Kong, and Members of the Committee on Economic Development and Business:

I am Donald Kosak, founder of the Hawaii Tech Exchange. The Hawaii Tech Exchange is a community organization that fosters high impact new businesses in STEM fields on the Big Island.

I respectfully submit this testimony in strong support of HB 1070 and the appropriation of funds to the Hawaii Strategic Development Corporation for the HI Growth Initiative.

The HI Growth Initiative has been instrumental in helping to establish a strong entrepreneurial community statewide. Their support for programs like Hawaii Tech Exchange's first Hawaii Island Demo Day was invaluable. That single event resulted in exposure and investment for seven Hawaii Island technology startup companies.

By supporting innovation and entrepreneurship in Hawaii with programs like the HI Growth Initiative, the legislature is helping to create a better overall economy with more jobs and real career opportunities for Hawaii's residents.

Thank you for the opportunity to submit testimony on this bill.

Sincerely yours,

A handwritten signature in blue ink that reads "Donald M. Kosak".

Donald M. Kosak  
Founder, Hawaii Tech Exchange  
<http://hitx.co/>

## TESTIMONY IN SUPPORT OF HB1070

Submitted February 2, 2015, 9:00 A.M.

(Testimony is 2 pages long)

Aloha,

The Energy Excelerator, a startup program dedicated to helping solve energy challenges, starting in Hawaii, respectfully submits testimony in **strong support of HB 1070**. This measure includes \$10million in new funding to continue the HI Growth Initiative. The HI Growth Initiative and the programs it supports help to provide invaluable resources for the innovation ecosystem and encourage high-growth businesses to grow and scale in Hawaii.

The [Energy Excelerator](#) is a program of the non-profit organization PICHTR, the Pacific International Center for High Technology Research. We strongly support HB 1070 for five main reasons:

- 1) **Bringing together entrepreneurs, businesses, investors, and local government is critical to creating a vibrant innovation ecosystem.** The HI Growth Initiative has helped to catalyze partnerships among Hawaii's entrepreneurs, corporates, investors, non-profits and local governments, establishing a statewide innovation ecosystem successfully branded as "Startup Paradise."
- 2) **State investment is a catalytic economic development activity.** The Energy Excelerator has provided about \$10M to companies to date, and these companies have raised \$55M in follow-on funding and generated over \$18M in revenue. State support for the innovation economy also leverages significant federal investment in clean energy innovation and solidifies the state's commitment to the long-term development of our entrepreneurial ecosystem.
- 3) **Innovation companies create high quality jobs in a knowledge-based economy.** For example, Energy Excelerator companies have created over 300 jobs, and provided work experience to more than 15 interns in energy, agriculture, and transportation.
- 4) **Money spent by innovation companies directly supports the trades.** With a portion of awarded funding going to general contractors, electricians, carpenters, engineers, and other trades, the innovation economy supports not only high-tech jobs but also our local construction base.
- 5) **Support for groundbreaking innovation elevates Hawaii's image across the U.S. and the Asia-Pacific.** Hawaii's economic conditions and need to produce energy locally enable the state to attract top-tier clean energy technologies for testing. Agriculture has the same key drivers that would allow it to attract public and private investment in new projects that support the development of local food.



We strongly support HB1070 and urge you to fund these requests in full. Mahalo for the opportunity to testify.

kong2 - Brenden

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From: Helen L. Cho <helenlcho@gmail.com>  
Sent: Sunday, February 01, 2015 3:09 PM  
To: edbtestimony  
Subject: Support for HB 1070

Chair Kawakami, Vice Chair Kong, and Members of the Committee on Economic Development and Business:

I respectfully submit testimony in strong support of HB 1070 appropriating funds to the Hawaii Strategic Development Corporation for the HI Growth Initiative. This funding is needed to continue the HI Growth Initiative, which has worked in partnership with the innovation community to establish a vibrant statewide innovation ecosystem. Growing the innovation sector is the best opportunity to create a sustainable economic future for Hawaii's citizens and provide opportunities for Hawaii's young people to pursue a productive career here in Hawaii.

Thank you for the opportunity to provide testimony.

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Aloha! I've finally settled into my new life in Hawaii, where we are 5 hours behind NYC. And as always, I open/read emails throughout the day but write/respond between 10:00 am to 1:00 pm HST (that's 3:00 to 6:00 pm EST) - unless it requires immediate attention or I especially like you. Also please update my phone number to 808.383.9826 - you'll need it to call/text me for the quickest response. Send puppies/dinosaurs for instantaneous replies. Mahalo! @helenlcho

From: Faruq <fa27sf@gmail.com>  
Sent: Sunday, February 01, 2015 10:05 AM  
To: edbtestimony  
Subject: Support for HB 1070

Chair Kawakami, Vice Chair Kong, and Members of the Committee on Economic Development and Business:

My name is Faruq Ahmad, and I respectfully submit testimony in strong support of HB 1070 appropriating funds to the Hawaii Strategic Development Corporation for the HI Growth Initiative. This funding is needed to continue the HI Growth Initiative, which has worked in partnership with the innovation community to establish a vibrant statewide innovation ecosystem. Growing the innovation sector is the best opportunity to create a sustainable economic future for Hawaii's citizens and provide opportunities for Hawaii's young people to pursue a productive career here in Hawaii.

I am resident in Silicon Valley, with a home in Hawaii for the past decade. During this time I have developed and maintained close connections with the innovation and entrepreneurial community in Hawaii. Regular activities include:

--I am mentor at, and Advisor to, Blue Startups

--I have had the honor to serve several times as finals' judge at the UH Manoa PACE business plan competition, and am a Virtual Professional in Residence

--I have personally been a Hawaii startup-company investor

--I continue to advise and support other Hawaii initiatives and companies

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, and a mentor at accelerators, 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. At Palo Alto Capital Advisors, I currently advise companies, as well as venture capital funds.

In a step that should further support "Startup Paradise", I have recently become Advisor to Correlation Ventures, a \$166m mainland fund that has pioneered the use of predictive analytics to make investment decisions. The fund is strictly a co-investor, and makes its co-investment yes/no decisions rapidly and based solely on the data around the financing (deal/management/investor particulars), without taking a Board seat, or introducing delays by repeating due diligence. I have long felt that there was now sufficient industry data in venture capital for analytics to play a part in investment decision making, as is the case in so many other driven-driven industries.

What this means for Hawaii companies is that if an established institutional venture capital fund (such as, one of the HITIP funds) were to offer a term-sheet to a Hawaii company, I can potentially help with a Correlation co-investment to complete the financing round, should the deal qualify. I am hopeful that this means that Hawaii companies will be able to close financing rounds more efficiently to focus instead on their businesses. This also adds a new lane on the bridge from "Startup Paradise" to Silicon Valley.

kong2 - Brenden

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From: Samantha kimsey <samantha@computationalthinkers.com>  
Sent: Saturday, January 31, 2015 11:00 PM  
To: edbtestimony  
Subject: Support for HB 1070

Chair Kawakami, Vice Chair Kong, and Members of the Committee on Economic Development and Business:

As a private educator in Hawaii, teaching "Computational Thinking" to preK-elementary school, I respectfully submit testimony in strong support of HB 1070 appropriating funds to the Hawaii Strategic Development Corporation for the HI Growth Initiative.

<http://housedemocrats.wa.gov/drew-hansen/lawmakers-announce-bipartisan-proposal-to-help-students-train-for-computer-science-jobs/>

Let's not let Hawaii get behind. It's early enough to be leaders too.

This funding is needed to continue the HI Growth Initiative, which has worked in partnership with the innovation community to establish a vibrant statewide innovation ecosystem. Growing the innovation sector is the best opportunity to create a sustainable economic future for Hawaii's citizens and provide opportunities for Hawaii's young people to pursue a productive career here in Hawaii.

Thank you for the opportunity to provide testimony.

Samantha Kimsey  
Computational Thinkers®  
President  
Tel [808-664-0310](tel:808-664-0310)  
<http://www.computationalthinkers.com>  
[Facebook.com/computationalthinker](https://www.facebook.com/computationalthinker)  
[Twitter@computhinkers](https://twitter.com/computhinkers)

From: Chenoa Farnsworth <chenoa@bluestartups.com>  
Sent: Monday, February 02, 2015 10:35 AM  
To: edbtestimony  
Subject: Support for HB 1070

Chair Kawakami, Vice Chair Kong, and Members of the Committee on Economic Development and Business:

I respectfully submit testimony in strong support of HB 1070 appropriating funds to the Hawaii Strategic Development Corporation for the HI Growth Initiative. This funding is needed to continue the HI Growth Initiative, which has worked in partnership with the innovation community to establish a vibrant statewide innovation ecosystem. Growing the innovation sector is the best opportunity to create a sustainable economic future for Hawaii's citizens and provide opportunities for Hawaii's young people to pursue a productive career here in Hawaii.

Thank you for the opportunity to provide testimony.

Chenoa Farnsworth  
Managing Director  
Blue Startups

SENT VIA EMAIL - LATE TESTIMONY

February 3, 2015

**LATE**

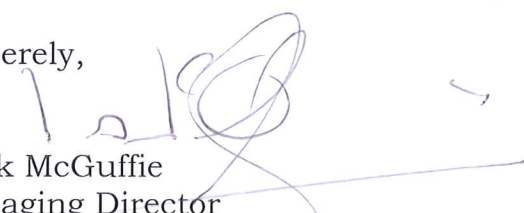
Representative Derek S. K. Kawakami  
Chair, Committee on Economic Development and Business  
Representative Sam Satoru Kong  
Vice Chair, Committee on Economic Development and Business  
Hearing on House Bill 1070  
Relating to Development  
State Capitol, Conference Room 312

Aloha Chair Kawakami and Vice Chair Satoru Kong!

Enterprise Honolulu stands in support of House Bill 1070 and the Hawaii Strategic Development Corporation's efforts to continue developing the Hawaii Growth Initiative focused on commercial high technology industries.

Please feel free to contact me directly should you have any questions.

Sincerely,

  
Mark McGuffie  
Managing Director  
Enterprise Honolulu, Oahu Economic Development Board



ENTERPRISE  
HONOLULU

THE BUSINESS CLIMATE OF PARADISE

From: mailinglist@capitol.hawaii.gov  
Sent: Monday, February 02, 2015 5:04 PM  
To: edbtestimony  
Cc: dlc@globalvirtualstudio.com  
Subject: Submitted testimony for HB1070 on Feb 3, 2015 09:00AM

**HB1070**

Submitted on: 2/2/2015

Testimony for EDB on Feb 3, 2015 09:00AM in Conference Room 312



Submitted By	Organization	Testifier Position	Present at Hearing
David L. Cunningham	GVS Transmedia Accelerator	Support	No

Comments: FROM: David L. Cunningham, Executive Director for GVS Transmedia Accelerator On behalf of the GVS Transmedia Accelerator I would like to offer my passionate support for HB 1070 and the Hawaii Growth Initiative. Through the Hawaii Growth Initiative in 2014 we were able to launch the GVS Transmedia Accelerator (see [www.globalvirtualstudio.com/accelerator](http://www.globalvirtualstudio.com/accelerator)), a strategic partnership between the HSDC, the County of Hawaii and a pool of private matching investors. The GVS Transmedia Accelerator is about empowering digital content creators to own their own Hawai'i based company. In less than a year we have already launched 5 companies, won the National SBA Award for one of the top 50 Most Innovative Accelerators serving rural areas, hosted countless workshops on entrepreneurship and innovation, built a network of coaches and mentors and much more. I would like to implore the Committee to seriously consider supporting this crucial bill. For every one job created in innovation 5 more are created in other sectors. We are currently planning on launching 13 more Hawaii based companies in the next 2.5 years (total of 18 companies in 3 years). Imagine the impact we can have partnering together! We MUST engage and invest in our own innovations and our own entrepreneurs. Please continue to support the Hawaii Growth Initiative bill. I would like to invite the Committee to visit our Accelerator in Kona on the Big Island (right below Costco). I would love to introduce you to the Hawaii Companies that have been launched and meet the people who have been directly impacted by the Hawaii Growth Initiative. We have momentum. We have traction. Please help us raise our trajectory even further through supporting HB 1070. Mahalo! David L. Cunningham Executive Director, GVS Transmedia Accelerator (and Konawaena Grad)

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.

Do not reply to this email. This inbox is not monitored. For assistance please email [webmaster@capitol.hawaii.gov](mailto:webmaster@capitol.hawaii.gov)