



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

**February 5, 2025**  
**Entrepreneurs Sandbox – Large Classroom**  
**643 Ilalo St., Honolulu, HI 96813**

## **Member(s) Present**

Craig Nakanishi, Chairperson (Mr. Nakanishi)  
Jaclyn Kaina, (Ms. Kaina)  
Gregory Kim, (Mr. Kim) (arrived at 3:09 pm)  
Matthew Sullivan, (Mr. Sullivan)  
Vassilis Syrmos, (Mr. Syrmos)  
Gregory Uehara, (Mr. Ueoka)  
Kelly Ueoka, (Mr. Ueoka)  
Dane Wicker, (Mr. Wicker)

## **Staff Present**

Wayne Inouye, (Mr. Inouye)  
Ray Gomez, (Mr. Gomez)  
Sandi Kanemori, (Ms. Kanemori)  
Stephanie Yuu-Sato, (Ms. Yuu-Sato)

## **Member(s) Absent**

Edward Barnabas, (Mr. Barnabas)

## **Counsel Present**

Elise Amemiya, Deputy Attorney General  
(Ms. Amemiya)

## **Guest(s) Present**

None

## **Members of the Public Present**

None

### **1. Call to Order, Public Notice, Quorum**

Meeting called to order at 3:03 pm.

### **2. Roll Call**

Mr. Inouye conducts roll call.

Chair Nakanishi, Ms. Kaina, Mr. Sullivan, Mr. Syrmos, Mr. Uehara, Mr. Ueoka, and Mr. Wicker. Mr. Kim arrives at 3:09 pm and Mr. Barnabas has been excused.



### 3. Approval of December 20, 2024 Meeting Minutes

Chair notates corrections to the December 20, 2024 minutes located on line item 6, page 4, first paragraph, reference SETI should be referenced as SEDI. Next paragraph should be requested amount of \$700 thousand and not \$750 thousand as well as the following paragraph. Asks if there are any other necessary changes.

Chair asks for a motion to approve the December 20, 2024 minutes with corrections as noted.

Motion to approve made by Mr. Sullivan / Second by Ms. Kaina

Motion approved, 7/0

### 4. Appointment of Interim Executive Director

Chair announces that he would like to appoint an Interim Executive Director due to the resignation of Damon Matteo. He would like to move into Executive Session pursuant to Hawaii Revised Statutes §§ 92-4 and 92-5(a)(2) hiring of an Interim Executive Director.

Requests for a motion to move into Executive Session.

Motion to move into Executive Session made by Mr. Wicker / Second by Mr. Sullivan

Motion approved, 7/0

Executive Session 3:07 pm.

Reconvene into Regular Session 3:58pm

Chair reported a summary of discussion as required by HRS §92-4(b) and advised the Board appointed Ms. Kanemori as Interim Executive Director at the current salary of \$150,000 plus benefits subject to funding.

### 5. Executive Director Search



Chair advises that he would like to discuss the hiring of an Executive Director and would like to move into Executive Session pursuant to Hawaii Revised Statutes §§ 92-4 and 92-5 (a)(2).

Requests a motion to move into Executive Session.

Motion to move into Executive Session made by Ms. Kaina / Second by Mr. Sullivan

Executive Session 4:04 pm.

Reconvene into Regular Session 4:28 pm

Chair reported a summary of discussion as required by HRS §92-4(b) and advised that the Board has approved CPS Consulting to re-open the Executive Search and Chair and Acting Executive Director have been delegated to work with CPS to update the criteria.

#### 6. Hawaii Technology Development Corporation (HTDC) Report

Mr. Inouye advises the Federal transition to seize of federal funds may impact three programs. The NIST MEP, waiting to hear notice back from Director of Commerce on the position on the request to be excused as there is still confusion as the spending and what is allowed. Department of Energy, Smart Manufacturing grant a \$1.2 million grant for two years to do smart manufacturing training, automation on auto robotics, we were advised to seize all activities until notified. SSBCI Treasury grant has not been notified as of yet so business as usual. HCATT has been in contact with AFRL that their funding has not been impacted.

Ms. Kanemori advises the Accelerator committee has met and is reviewing applications and should be ready for the Board in March. The ADC Board has approved the transfer of FRTC parcel.

#### 7. Announcements

#### 8. Adjournment

Meeting adjourned at 4:34 pm



Respectfully submitted,

Acting Executive Board Secretary  
Stephanie Yuu-Sato

DRAFT



## Investment Memorandum

To: Hawaii Technology Development Corporation Board of Directors  
From: Sandi Kanemori, Interim Executive Director; Tuan La, Hi-CAP Program Manager  
Date: March 4, 2025  
Subject: Mana Up Capital Partners II, LP (Mana Up Fund II)

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**Recommended Action:** *RECOMMEND APPROVAL* of **Mana Up Fund II** (“Fund II” or the “Fund”) for investment of \$3 million in the \$40 million Fund, subject to terms and conditions that meet SSBCI and statutory requirements.

SSBCI requires raising matching \$3 million investment to the Fund from private-sector sources and requires the Fund to invest a minimum of \$6 million (including SSBCI fund) into Hawai`i-based companies.

Fund II’s core areas of focus include but is not limited to consumer-packaged goods companies (CPG) sector, headquartered in Hawai`i, with potential growth to global markets. The manager of the Fund will be Mana Up Capital Management, LLC (the “GP”).

The recommendation for \$3 million is based on the following:

**Rationale:**

1. **Strong Reputation and Commitments for Mana Up accelerator and General Partner:** Mana Up and its GP has demonstrated significant commitment to foster startup growth for Hawai`i companies. Mana Up has grown and established itself in Hawai`i and the venture community. There have been 100 Hawai`i-based companies that have participated in the program. Mana Up has helped create over 1,100 Hawai`i-based jobs. Its Hawai`i-based portfolio companies are currently generating approximately \$100 million of annual revenue. Furthermore, the GPs have outstanding reputations and are very involved in the local community/startup ecosystem. This is further evidenced by Fund II’s ability to fully secure \$8 million in approved capital for their first close (both local public and private dollars) and over \$20 million in pending commitments. Thus, their first close will have a minimum of \$8 million but they are expected to be closer to \$25 million by the time of actual close, of which 100% of the investment will be going to local Hawai`i entrepreneurs.



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2. **Strategic Alignment:** Mana Up and Fund II are well positioned to attract high-quality Hawai`i based CPG companies to their programs, given their strong reputation in the Hawai`i community and successful accelerator program. The current focus on CPG and more recently towards sustainable agriculture and food supply, should address issues that play to the state's strength and HTDC's initiative to solving critical Hawai`i issues, particularly biosecurity and Ag-tech sectors. Additionally, with regards to program alignment, not only does the Fund align well with our Manufacturing Assistance Program (MAP) and Manufacturing Extension Partnership (MEP) program but supporting CPG programs and opportunities is also an additional priority category for Department of Business, Economic Development and Tourism (DBEDT)/HTDC for this FY25. Furthermore, the intention of the SSBCI funds is to provide access capital to small businesses startups, and entrepreneurs especially those in historically underserved communities (i.e. Hawai`i) and among entrepreneurs who may have otherwise lacked the support needed to pursue their business ambitions. Thus, it is even more important that we support, Fund II, who is investing 100% of its capital in Hawai`i companies, investing in CPG businesses, making them the ideal candidate for the Hi-CAP program funding to support local venture funds and bring more capital to overall small businesses and startups in our local ecosystem.
  
  3. **Economic Development Impact:** In addition to revenue and jobs creation, Mana Up also estimates that over 40% of the revenue generated comes from outside the state of Hawai`i, meaning that the investee companies are bringing new dollars into the state, allowing for more impactful economic growth. Furthermore, when selecting investee companies, it also considers other positive impact the investee company could have on Hawai`i's local community, such as:
    - Creating high-quality jobs in Hawai`i,
    - Direct revenues contributing into, not out of, Hawai`i's economy
    - Diversifying Hawai`i's economy to be less reliant on tourism
    - Economical use of thousands of acres of open agricultural land in Hawai`i that is currently not being utilized
    - Increasing food security and reducing reliance on imported goods
    - Contributing to sustainable tourism by integrating visitors with authentically local people and culture
    - Community give-back from both financial and holistic perspectives including industry cultivation and mentorship efforts.
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Thus, aside from local revenue and jobs data, investee companies will typically also focus on supporting local agriculture, community giveback initiatives, and sustainability. Fund II maintains to be committed to supporting Hawai'i entrepreneurs and local companies, with 100% of investment going to local entrepreneurs.

4. **Portfolio Diversification with Balance Risk Profile:** For the Hi-CAP program, we have invested \$5 million (25% allocation of total Hi-CAP invest \$20 million fund) in Startup Capital (Seed and Series A stage SAS/ software fund), \$5 million (25%) in Hatch Venture (early-stage aquaculture fund), and \$2 million (10%) in Blue Venture (early-stage and seed technology fund). By investing \$3 million or 15% in Mana Up Fund II, which is an early-stage CPG focused fund, we are adding a sector and industries that we are not currently invested in. This will make Hi-CAP not only better diversified in relations to industry and sector exposure, but it will also help to balance our risk/return profile for our overall fund of funds portfolio.

***MOTION to authorize HTDC Interim Executive Director and/or Hi-CAP program manager to finalize terms and conditions and execute the \$3 million capital commitment to the Fund, subject to approval of documents by Special Deputy AG and AG Office.***

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**Mana Up and GP Background:**

Since 2019, Mana Up has received matching grants from \$100,000 to \$500,000 (based on program budget) from HTDC to operate its accelerator program (the grant funds must be matched dollar-for-dollar with private sector funds) as part of HTDC's Hawai'i innovation accelerator program approved by the State legislature. Since then, Mana Up has completed 9 accelerator cohorts (typically 10-12 startups per cohort) over 6-month programs, assisting over 100 companies island wide, collectively generating over \$100 million in revenue, and creating more than 1,100 jobs.

Mana Up also runs pre-accelerator program (free program workshops to help indigenous and female entrepreneur starting new business), alumni wayfinder series (4 week course series to select alumni companies), and the Mana Up Showcase/ Aloha Market (marquee shopping events for cohort companies to promote and sell their products both locally and internationally). Mana Up believes building great companies in Hawai'i is the priority so that job creation, revenue growth, investment and positive acquisitions will follow.

Mana Up has also been recognized in Hawai'i and nationally: Best Woman Owned Business in 2019 by Hawai'i Business Magazine/SBA, Best New Business

in 2018 by Pacific Edge Magazine, with features in Forbes, USA Today and other national publications.

For further background, Mana Up is based in Hawai'i and recruits startups/businesses locally for each locally-run accelerator program. Hawai'i-based startups selection criteria includes: (1) A product in the market with at least \$100,000 or more in annual revenue [strongly preferred], (2) Company headquarters in Hawai'i [required], (3) A retail, beauty, health or value-added food product suitable for export [required], (4) A product that leverages and elevates the Hawai'i brand or culture [required], (5) Added value to the Hawaiian economy via creation of jobs [required], (6) Desire to scale product to global markets [required], (7) Quality of product [considered], (8) Coachability of founders [considered], (9) Potential of market [considered], (10) Innovativeness of product [considered]. Mana Up typically receives 130 or more applications from local product companies throughout Hawai'i. Up to 50 companies are selected to interview, which are then narrowed down to 10-12 companies selected for each cohort

Mana Up is entering into its eighth year jointly led by Meli James and Brittany Heyd (both are full time). Mana Up now has 38 Hawai'i-based employees spread across the accelerator program, Mana Up Capital, House of Mana Up (retail initiative), and Mana Up Fulfillment. Meli focuses her time on community engagement, network recruitment, strategy, and business development. Brittany focuses her time on operations, strategy, network recruitment, legal and finances. Both Brittany and Meli spend significant time with companies during and after the accelerator program advising on business model development, sales channels, and brand. Craig Perkins Shiraishi is the program manager and is dedicated full time to the accelerator program. (See appendix for more detailed personnel biographies).

**Mana Up Fund I, ("Fund I")** established in 2021 raised \$6.3 million in capital and has invested into 8 Hawai'i-based startups. Fund I sought to provide growth capital to the top performers in Mana Up and other promising Hawai'i based companies. The new Fund II seeks to raise \$40 million and has over \$20 million in commitments from existing and new LPs. The larger fund size will allow Fund II to double down on the success strategies of Fund I and take larger positions on new investment opportunities. Fund II will have access to companies at a further along stage, with the ability to invest up to \$3M total throughout a successful company's journey. Fund II will continue to leverage exclusive access to Mana Up's accelerator pipeline, market insights, partnerships, and expertise.

The formal due diligence process began on October 23, 2024, and the HTDC Evaluation Committee (the "EC") convened on December 6 to interview Mana Up, and again on December 23rd and December 24th, with additional follow up





**Evaluation Committee Involvement:** questions in January and February 2025 to discuss the potential merits and concerns of an investment, based on due diligence results and evaluation committee assessment report. The report evaluates the Mana Up accelerator program, the GPs’ background, and Fund I and Fund II managed by the GP. The EC meetings concluded with a recommendation to advance the investment proposal to the Board.

**Fund II Structure, Strategy, and Consideration :** 1. The GP intends to raise its largest fund to date of \$40 million. HTDC did not invest in Fund I. Previous LPs of Fund I include ERS/Stafford Capital, institutional investors such as King’s Hawaiian, and other high net-worth individuals. To raise \$40 million, Fund II already has secured approved capital of \$3 million from the ERS/Stafford Capital and \$5 million from other private investors/returning LPs such as King’s Hawaiian. The full \$20 million commitments from ERS/Stafford Capital are pending ERS legal authority and matching dollars. But terms sheets have been approved by Stafford Capital. Currently, Fund II expects to complete its first close in late March or early April with a minimum of \$8 million (not including any HTDC/Hi-CAP capital). However, based on current traction and commitments, they are confident that they should be closer to \$25 million at the completion of the first close. Thus, Fund II continues to be backed by reputable investors and would not have any issue with the SSBCI’s matching requirements.

2. The expanded fund size will allow the GP to double down on the success strategies of Fund I as well as take larger positions on new investment opportunities. Fund II will have access to companies at a further along stage, with the ability to invest up to \$3M total throughout a successful company’s journey. Fund II will continue to leverage exclusive access to Mana Up’s accelerator pipeline, market insights, partnerships, and expertise.

3. Fund II’s investment strategy is to grow local Hawai`i products to markets around the world that capture the people, culture, and resources of Hawai`i through its accelerator, alumni program, partners, and e-commerce platform. Through its programs, they can identify the most promising local product companies early and connect them to our partners, distribution channels, and expertise to massively grow their revenues. The market that the firm is pursuing is the Consumer-Packaged Goods (CPG) industry. This market is attractive because it has experienced massive growth over the last decade due to millennial’s preference for smaller, niche brands and increased consumer demand in transparency on high quality ingredients, company narrative and values, and supply chain. Nationally, small, high-quality, CPG brands are growing quickly. In the last 10 years, 4,000+ small CPG companies received \$9.8 billion in investment, with \$7.2 billion of that sum being in the last 4 years. Small CPG brands have been growing at 2 times of big brands in recent years.



Between 2012 and 2017 alone, small players grabbed approximately \$15 billion in sales from their larger counterparts.

Furthermore, “Hawai`i”-branded products are highly valued by consumers demonstrated by many non-Hawai`i Companies who have successfully leveraged this branding, including Olukai (Hawaiian-Inspired Sandals, Shoes, and Boots company headquartered in California), and Bai Molokai Coconut Water (flavoured water company headquartered in New Jersey) which was acquired by Dr. Pepper Ventures for \$1.7B. The Fund will also target brands that are aligned with trending global consumer demand, place-based narrative, healthfulness, and authenticity.

Lastly, there has been little investment capital available for Hawai`i-based CPG companies despite the opportunity. The Fund believe that it can invest growth capital into globally relevant Hawai`i CPG companies and grow their revenues and/or profitability significantly, as proved by the significant growth of their Fund I portfolio companies. Hence, Fund II will look to capitalize on these opportunities while also providing the much-needed capital support for Hawai`i branded and based CPG companies.

4. Investment selection due diligence includes the following criteria:

- At least \$500,000 annual revenue
- 50% year over year growth
- High potential niche market beyond Hawai`i
- Growing direct to consumer relationships
- Industry expert and/or first to market
- Founder has ambition to scale and history of performance
- Defined path to acquisition or to long term profitability with clear returns for investors

5. Post investment, the Fund will utilize several levers to drive growth for the portfolio companies. First, they will develop sales channels on behalf of their portfolio. Their relationships with retailers like Hawaiian Airlines, DFS, The Kahala Hotel & Resort, Whole Foods, and the Sullivan Family of Companies have enabled the Fund to onboard many of its accelerator companies onto each channel. These channels increase revenues, retail accounts, and reach. Beyond the transactions adding direct financial growth to our companies, these channels provide increased marketing power and exposure. Second, they have a partnership with Shopify to drive e-commerce sales for the portfolio. This will



help the CPG companies, who have not already, reach a boarder set of consumers outside of the State. Third, they will work with each of the investee to match them with mentors who can help develop their brands, narratives, and storytelling to better connect with their customers. Through visual merchandising, online storytelling, and media exposure, the investee will better raise awareness for their brand and reach new customers

**Fund Terms:** Fund II will have a 5-year target period, and a 10-year total fund life, which may be extended for up to a maximum of two consecutive 1-year period. The Fund expects to participate in follow-on funding rounds of the most promising of its cohort program graduates. The Fund may also invest in startups that fit within its strategic investment criteria, but which have not participated in the Mana Up accelerator programs.

Deal terms will be standard, with the GP retaining a 2.0% management fee on capital commitments during the 4-year of the investment period (then reduce to 1.8% of the aggregate commitments in year 5 and reduce to 90% of the current rate each year thereafter until year 10) and a 20% carried interest in the investment profits of the Fund (which will be structured with a conventional 10-year term with two optional one-year extensions). The GP anticipates making its own investment in the Fund up to \$400,000 equal to 1% of the proposed \$40 million Fund, which is common and standard commitment in the venture industry.

**Fund I Performance and Fund II Expected Returns:** Fund I have invested in eight (8) Hawai`i companies, with exception of Western Aloha, all others are expected to achieve significant revenue growth in 2025 and beyond.

Below are a few highlights from Fund I portfolio companies:

**Kō Hana Rum:** is a Hawaiian rum distillery located on the island of Oahu. Crafted from farm to bottle, it is known for its unique approach to rum production, using native Hawaiian sugarcane varieties and traditional farming practices. Currently, served as official cocktail on Hawaiian Airlines; Earned “Golden Ticket” to Walmart/Sams Club.

**Maui Nui Venison:** is a Hawaiian-based business that specializes in harvesting, processing, and marketing axis deer venison from the islands of Maui, Molokai, and Lanai. The company's mission is to provide a sustainable and humane solution for managing the axis deer population while promoting conservation and supporting the local community. Among ample national press, received plug on Joe Rogan podcast, reaching millions of potential customers.

**Banan/Chee Hoo:** is a well-established local food manufacturing company based in Hawai`i, USA. It operates a state-of-the-art manufacturing facility in



Honolulu, Hawai'i, where it produces its snack foods using high-quality ingredients and traditional recipes. The company distributes its products to retailers, wholesalers, and restaurants throughout Hawai'i, as well as to select mainland US markets. Recently, the company launched a San Francisco store as well as several new packaged products in Foodland statewide. It will be starting Costco Road shows Fall 2025.

**Big Island Coffee Roasters:** is a specialty coffee roasting company based on the Big Island of Hawai'i. The company is dedicated to sourcing high-quality, unique coffee beans from around the world and roasting them to perfection in small batches. Recently launched Espresso Bites nationally in 2022. New Hilo roasting facility launched in 2023. Joined Mana Up's accelerator in 2018 (\$750k in revenue) and in 2024 revenue is projected at \$5.4 Million.

**Maui Kuia Estate:** is a luxury estate and farm located on the island of Maui, Hawai'i. The estate is renowned for its stunning natural beauty, sustainable farming practices, and artisanal food products. They have received Gold Award in Asian Pacific Region, 2022 Good Food Award and International Cocoa of Excellence award. The first time any single company has won both awards.

**Western Aloha:** is a Hawaiian-based company specializing in artisanal food products, particularly sauces, marinades, and seasonings. The company's mission is to share the flavors and spirit of aloha with the world. Recently launched a successful brand collaboration with nationally loved Ariat brand.

**Hawaiian Soda Company:** is a local Hawaiian business that specializes in crafting unique and delicious sodas using traditional Hawaiian flavors and ingredients. Currently on path to a \$10M revenue run rate in 18 months since business started and is in discussion with investment banks for additional fundraising rounds.

**Symbrosia:** is a Hawaiian-based company that specializes in producing high-quality, sustainable spirulina supplements and skincare products. Spirulina is a type of algae that is rich in nutrients and has been used for centuries for its health benefits. The seaweed supplement outperforms direct competitors on effectiveness; on path to \$237M in annual revenue by 2029

#### **Fund I performance and valuations:**


Mana Up Fund I has been very selective with its investments from each Mana Up cohort. The two partners (Meli and Brittany) jointly decide on which companies will receive investments based on achievement of specified milestones and attractiveness of the company for follow-on financing from private and institutional investors. This has demonstrated to be successful in picking potential winners as the total revenues generated from the investee

companies are expected to grow from \$32 million in 2024 to \$89 million by 2026.

Mana Up Capital I



Mana Up Capital I Portfolio

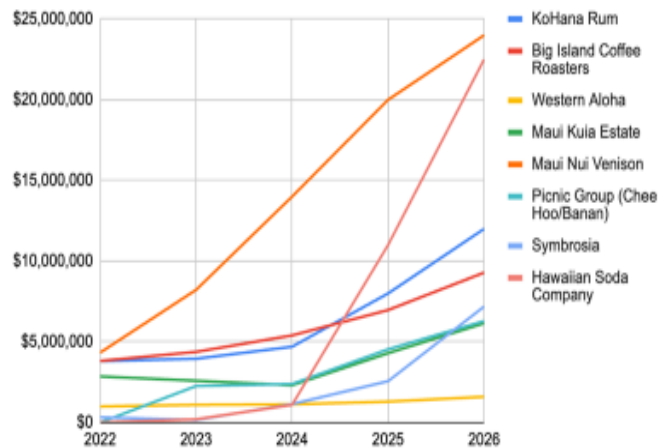
 KOHANA <small>HAWAIIAN AGRICOLE RUM</small>	 BIG ISLAND <small>COFFEE ROASTERS</small>	 Symbrosia	 MAUI <b>KUIA</b> <small>ESTATE</small>
\$730,000	\$810,000	\$250,000	\$240,000
6.04%	11.26%	1.55%	2.85%
\$24M Valuation	\$6.9M Valuation	\$16.1M Valuation	\$8.4M Valuation
 <b>Banan</b>	 MAUI NUI	 Western <small>ALOHA</small>	 <b>HAWAIIAN            SODA</b> <small>CO</small>
\$500,000	\$600,000	\$500,000	\$500,000
3.85%	2.00%	10.0%	3.33%
\$13M Valuation	\$33M Valuation	\$5M Cap	\$15M Cap

Mana Up Capital I



Performance Metrics

Mana Up Portfolio Revenue



**Portfolio Revenue:**  
 \$32M in 2024  
 projected to  
 grow to \$89M by  
 2026.



### **Fund I and Fund II (expected) Returns:**

Currently Fund I have an expected Internal Rate of Return (IRR) of 26% and no write downs, which is good and in line with industry standards for top performing CPG venture funds (20-30% IRR). This basically means that Fund I is currently expected to provide returns of 26% on average over the 10-year life of the Fund. However, we do note that their current Total Value to Paid In capital (TVPI) is only 1.16. This means that the current portfolio companies are only valued at 16% more than at the time of Fund I investments. At first glance, this number does seem low, given that the Fund has been in operations for more than 3 years and is much lower relative to the 3.0 expected industry top performer standards. The GP has stated that this is due to their conservative approach to valuation where investment valuations are marked-up only upon closure of future funding rounds after Fund I's original investments. According to Carta, the median TVPI for VC Funds with vintage year 2021, is only 0.97, meaning their investments saw a decrease in value and are only valued at 97% of its original investment. Thus, compared to others who started their Fund in 2021, Fund I is outperforming their peers.

For Fund II, the GP expect that the fund will generate a Multiple Over Invested Capital (MOIC) of 2.58x with a gross Internal Rate of Return (IRR) of 27%. For reference and as a benchmark, venture capital funds in the top **quartiles** are expected to return MOIC (2.5x to 5x) and IRR (20-30%) over the life of the fund. Thus, Fund II is expected to perform well and within expected industry standards for top performers.

Given this, we do note the Fund does not have a track record of returns/exits and Fund I have not paid out any returns. This lack of liquidity could be associated with the CPG sector, as these types of business typically are not able to go public/IPO (initial public offering) thus, leaving only acquisitions as the main exit strategy. This in turns also makes it less appealing for investors and thus, even harder for CPG companies to obtain continue further follow-on investments. The GP stated that the fund is still relatively young as it only started making investments in late 2021, hence there have not yet been acquisitions or profit sharing. They also stated while Mana Up cannot force a company to get acquired, it is a conversation that happens with portfolio companies' pre-investment to make sure that goals are aligned. Additionally, Mana Up is developing strategies and relationships early so that acquisitions have a higher likelihood. While they cannot control acquisitions, they can influence it through planning, strategies, and relationship building with potential acquirers. While IPO is not the likely scenario for most of the portfolio, it may be a goal in certain circumstances (i.e. Symbrosia in Mana Up Capital I). Additionally returns can also come through dividends or profit sharing, which also is possible, especially since Mana Up has these discussions



with investee and will request for board seats on bigger investments. For other safeguards, the Fund also ensures that there are protective provisions around budget, and since the Fund usually takes preferred stock, the Fund has preference in liquidation scenarios and dividends.

Please note that the returns and performance multiples shown below were reported by Funds I and II were not subject to audit or third-party verification. The performance data is provided to LPs in annual reports provided by the Fund. The IRR figures are “unrealized” or “Gross” results since Fund I is still in the investment period and have not realized actual “exits” from the investments made yet. (Please see appendix for detailed return metric definitions).

	Fund I	Fund II (expected returns)	VC Industry Benchmark (top quartile)
Vintage Year	2021	2025	
Fund Size (MMs)	\$6.3	\$40	
Invested (MMs)	\$4.75	n/a	
TVPI (Gross)	1.16	n/a	3
DPI (Gross)	n/a	n/a	
Gross IRR	26%	27%	20-30%
MOIC	n/a	2.58	2.5 to 5

**HTDC Consideration Strategic Alignment with HTDC/DBEDT/SSBCI and Economic Development Impact:**

Mana Up and Fund I (and Fund II) continue to invest in Hawai`i companies, create local jobs, support local investee companies, and enhance Hawai`i’s startup ecosystem. Specifically, in the aggregate, since its local founding in 2017, Mana Up has grown and established itself in Hawai`i and the venture community. The cohort participants have experienced a 97% survival rate (although not a direct comparison but as a reference point, a highly regarded tech accelerator such as Y Combinator had a survival of 71%). In addition, Mana Up estimated that 40% of investee companies’ revenue comes from outside the state of Hawai`i, meaning that the portfolio is bringing new dollars into the state, allowing for greater economic growth and ability to employ more jobs. Mana up’s vision is to ultimately see their portfolio companies reach a \$1 billion in total annual revenue.



Furthermore, the Fund is focus on creating economic sustainability for Hawai`i and community benefit created from successful companies headquartered in Hawai`i. In addition to the investment criteria, the Fund will also consider other positive impact the investee company could have on Hawai`i's local community, such as:

- Creating high-quality jobs in Hawai`i
- Direct revenues contributing into, not out of, Hawai`i's economy
- Diversifying Hawai`i's economy to be less reliant on tourism
- Economical use of thousands of acres of open agricultural land in Hawai`i that is currently not being utilized
- Increasing food security and reducing reliance on imported goods
- Contributing to sustainable tourism by integrating visitors with authentically local people and culture
- Community give-back from both financial and holistic perspectives including industry cultivation and mentorship efforts.

Mana Up and Fund II maintains to be committed to supporting Hawai`i entrepreneurs and local companies, with 100% of investment going to local entrepreneurs. With regards to program alignment, not only does the Fund align well with our MEP program but supporting CPG programs and opportunities is also an additional priority category for DEBDT/HTDC for this FY25.

Lastly, it is also worth noting that the intention of the SSBCI funds is to provide access capital to small businesses startups, and entrepreneurs. Specially, SSBCI was designed to catalyze private capital in the form of loans to and investments in small businesses, especially in historically underserved communities and among entrepreneurs who may have otherwise lacked the support needed to pursue their business ambitions. (Please see appendix below for more details on SSBCI and specific citations)

Hence, as mentioned previously ability to raise funding locally for venture investing is limited due to the Islands' small population, limited appetite for risky investments and geographic distance to financial money centers. Local venture firms face the difficult challenge of raising capital for Hawai`i-based investment. It is even more difficult for both CPG venture funds, like Fund II, and CPG companies to obtain funding or additionally follow-on capital due to both its geographic location and the exit limitations for the sector/industries they operate it. Thus, it is even more important that we support, Fund II, who





is investing 100% in Hawai'i, investing in CPG companies, as they are an ideal candidate for the Hi-CAP program funding to support local venture funds and bring more capital to overall small business/startup in our ecosystem.

Hence, Mana Up and Fund II is highly aligned with HTDC/DBEDT priorities. See below for Mana Ups' economic and social impact in the State of Hawaii.

Number of cohorts:	9
Number of companies assisted:	95 in core accelerator / at least 250 companies supported through a community program
\$ invested to date:	\$4,750,000
\$ follow on funding:	\$10,000 to Manele Spice Company (2020); \$130,000 to KoHana Rum (2022), \$210,000 to Big Island Coffee Roasters (2022), \$80,000 Maui Kuia Estate (2024).  In total, Mana Up Capital portfolio companies have garnered \$43M in follow up investment.
Number of jobs:	1,101
Based in Hawaii during program & currently based in Hawaii:	100%
Annual Aggregate Revenue:	\$96,027,619 (accelerator companies); \$32,180,744 (fund companies)
Island wide reach:	65% Oahu, 20% Hawai'i Island, 10% Maui, 5% Kauai
Diversity:	51% Native Hawaiian owned; 78% AAPI owned; 62% female led

### Portfolio Diversification and Potential Return

A fund of funds portfolio diversification strategy involves investing in a diversified portfolio of underlying funds, rather than directly in individual securities. This offers several benefits, including reduced risk, increased potential for long-term returns, and access to a broad range of asset classes, sectors, and geographic regions. By spreading investments across multiple fund



types, we can mitigate risk associated with individual funds, while also capturing potential return benefits from different investment styles, manager expertise, and market trends.

For the Hi-CAP program, we have invested in \$5 million (25% allocation of our total \$20 million Hi-CAP funds) in Startup Capital Fund III (Seed and Series A stage SAS/ software fund), \$5 million (25%) in Hatch Venture Fund II (early-stage aquaculture fund), and \$2 million (10%) Blue Venture Fund IV (early-stage and seed technology). Startup Capital would be considered a medium return, medium risk fund since they are investing in later stage startups (Series A), who have demonstrated some real traction/sales with their business model. Hatch Venture and Blue Venture would be high risk and higher return funds since they typically invest in early and very early-stage startups, which may have little to no revenue and likely have not established a proven business model yet. In comparison to Mana Up Fund II, their investment is focused more on traditional consumer CPG businesses that is generating at least \$500,000 in revenue and is growing rapidly. However, since these companies are often operating in the CPG sectors, it does limit their potential return since these businesses often have higher fixed cost and lower margins with limited exit opportunities. But given that, these companies are a bit more matures relative to the early state startups with little to no revenue. Thus, we expect them to have medium risk (as far as ability to survive) and low to medium return (due to difficulty of exits). Hence, by investing in Mana Up Fund II, which is a CPG focused fund, we are adding a sector and industries that we are not currently invested in.

Additionally, in terms of portfolio allocation, due to SSBCI limitation, our maximum allocation to any one venture fund is \$5 million or 25% of our total \$20 million Hi-CAP fund. An investment of \$3 million in Fund II would be an allocation of 15% of our total funds. There is no real methodology or science to determining the optimal asset allocation strategy as it is mostly based on factors such as investment horizon, risk tolerance, and investment goals. It would be safe to say that we have two main goals. First, to foster innovation and growth of Hawaii's economy by creating a vibrant, innovative, and sustainable economy for the benefit of all Hawai'i's people. And second, to strike a balance between strategic investment and fiscal responsibility, always prioritizing the responsible use of taxpayer dollars to maximize its impact/effective use. Under these assumptions, investing in Fund II, not only delivers the economic impact we seek to achieve, but it also helps lower our risk profile by diversifying in other sectors. Thus, investing 15% of our total Hi-CAP fund, does not seem unreasonable to help us achieve better diversification and manage our investment risk.



## Appendix:

### **HTDC's Investment Authority:**

According to HRS Title 13 §206M-61, HTDC does have the legal authority to co-invest public funds in private financial organizations.

2024 Hawai'i Revised Statutes, Title 13. Planning and Economic Development 206M. High Technology Development Corporation 206M-62 Strategic development programs revolving fund.

*§206M-61 Strategic development programs; purpose; powers. The purpose of the strategic development programs is to encourage economic development and diversification in Hawai'i through innovative actions in cooperation with private enterprises. The development corporation shall establish programs to stimulate private capital investment in Hawai'i toward investments that promote the welfare of citizens in this State, economic growth, employment, and economic diversification. The development corporation may use public funds to provide incentives to private investment activity, by co-investing public funds in private financial organizations to increase the impact of the public investment while utilizing the investment acumen of the private sector, and by using public funds to reduce the risks of private investments.*

**<https://law.justia.com/codes/hawaii/title-13/chapter-206m/section-206m-61/>**

### **Goals of the SSBCI Program:**

The primary purpose of the 2021 SSBCI funding is to promote small business growth and economic development by providing access to capital. These goals are accomplished by:

1. Support Small Businesses  
Provide capital to small businesses, including startups and microbusinesses, to help them recover from the economic impacts of the COVID-19 pandemic. Enable small businesses to access affordable credit and investment capital.
2. Promote Equity and Inclusion  
Prioritize underserved communities, including minority-owned, women-owned, and rural businesses, which often face barriers to accessing traditional financing. Ensure that at least 30% of the funds are directed toward businesses owned by socially and economically disadvantaged individuals (SEDI).
3. Leverage Private Capital  
Encourage states to use SSBCI funds to attract private investment, with the goal of generating a multiplier effect. For every \$1 of federal funding, states are expected to leverage at least \$10 in private capital.

4. Create Jobs and Stimulate Economic Growth



Support job creation and retention by enabling small businesses to expand operations, invest in equipment, and hire more workers.

5. Foster Innovation and Entrepreneurship

Provide funding for innovative small businesses, including those in high-growth sectors like technology, clean energy, and advanced manufacturing.

*Reauthorized and expanded by President Biden’s American Rescue Plan, the State Small Business Credit Initiative (SSBCI) is a nearly \$10 billion program to support small businesses and entrepreneurship in communities across the United States by providing capital and technical assistance to promote small business stability, growth, and success. SSBCI will provide funding to states, the District of Columbia, territories, and Tribal governments (collectively, participating jurisdictions) for programs that catalyze lending and investing in small businesses, build ecosystems of opportunity and entrepreneurship, and create high-quality jobs. SSBCI is designed to catalyze private capital in the form of loans to and investments in small businesses, especially in historically underserved communities and among entrepreneurs who may have otherwise lacked the support needed to pursue their business ambitions. SSBCI support can be transformative in a range of industries, including small manufacturing, supply chain, and other sectors promoting key national priorities.*

**<https://home.treasury.gov/policy-issues/small-business-programs/state-small-business-credit-initiative-ssbci>**

### **Biographies of Key Personnel at Mana Up and Fund II:**

**Meli James:** Meli is a cofounder of Mana Up and also currently the president of the Hawai`i Venture Capital Association (HVCA). Through HVCA, Meli leads an annual gala celebrating the innovation sector’s achievements from the prior year and monthly panels focused on current trends. Previously, James was founding program manager for Blue Startups. Born and raised in Honolulu, Meli lived in Silicon Valley for over ten years; there, she co-founded and contributed to numerous startups, including Nirvino—a number-one-ranked wine app, an Apple Platform Top 100 app, and a Top Ten Lifestyles app. James is a graduate of Punahou School and Cornell University’s School of Hotel Administration. In 2016, she was recognized by Entrepreneur Magazine as one of five Women to Watch. In 2017, she was recognized again by Entrepreneur Magazine as one of eight Women Leaders Who Are Disrupting Entrepreneurship

**Brittany Heyd:** Brittany is a cofounder of Mana Up. Before Mana Up, Brittany was cofounder and Managing Director at 1776, a global venture capital fund and incubator based in Washington, DC. Through Brittany’s leadership, 1776 expanded its Challenge Cup pitch competition to take place in 75 cities across the world and attract 10,000+ visitors to the annual week-long festival in Washington, DC. Brittany also worked on economic development policy at the Obama White House in 2010 and 2011. Brittany holds a Juris Doctor / Masters of Public Policy from Georgetown University and a Bachelor’s of Arts from the University of San Diego. Brittany moved to Maui with her Maui born-and-raised husband in 2016.

**Craig Perkins Shiraishi:** Craig is Mana Up’s Program Manager. Before Mana Up, Craig was the office manager at GoPro and also led internal education programs for Amazon. Craig manages the programs for entrepreneurs and the annual showcase event.

### **Investment Terms and Definitions**

**IRR – Internal Rate of Return.** IRR is a uniform calculation for investments of varying types and, as such, can be used to rank multiple prospective investments on a relatively



even basis. IRR takes into consideration the timing of cash flows to and from the investment. In general, when comparing investment options with other similar characteristics, the investment with the highest IRR would generally be considered the best. Funds typically present IRRs on both a gross and net basis. IRRs shown by benchmark indices are typically net of fees (equivalent to Net IRR for the Fund).

**TVPI – Total Value to Paid In.** The ratio provides prospective investors (such as HTDC) with a multiple that indicates how many times more the investment is currently valued at compared with the original investment (made at cost), without considering the time value of money.

**DPI – Distribution to Paid In.** The ratio represents the portion of TVPI that is “realized” by investors. It measures how much invested capital has been returned to investors through distributions by the fund.

**Gross Vs. Net** – Gross values (e.g., Gross IRR) are returns before management fees of the venture firm (general partner or GP) are accounted for (i.e., the figure does not deduct the management fees which are taken from LP investors). Net values (such as Net IRR) account for management fees of the GP and are lower than the Gross Values shown.

**Realized Vs. Unrealized Returns** – Realized returns, also called “cash-on-cash returns”, is essentially the ratio of invested capital that has been paid back to investors in the fund. Unrealized returns, also called “paper returns”, is the current value of the fund’s positions in companies that have not been acquired by another entity or have not sold shares held by investors through an initial public offering (IPO). Returns shown are almost entirely unrealized.

**Multiple on Invested Capital (“MOIC”)** is a metric used to describe the value or performance of an investment relative to its initial cost, commonly used within private markets. MOIC is among the most relevant metrics to be assessed while conducting fund due diligence. In fund investments, MOIC is expressed as a measure of the total value (i.e., both realized and unrealized, see below) of all shares in the fund divided by the initial investment. Since the individual securities held in a fund will have exit transactions at different times, the MOIC of the fund at any particular time combines the value of securities that have been sold (i.e., realized proceeds) with the value of securities that remain active (i.e. unrealized value). Unrealized value consists of stakes in companies (whether public or still private) that have not yet been liquidated.