



## Hi-CAP INVEST

### *Technical Proposal Qualifier (TPQ) Application Form*

Thank you for your interest in Hi-CAP Invest, an offering for venture-capital funds (“Fund” or “Funds”) managed by Venture Capital Firms (“Firms”) and their related Fund Managers (“Managers” or “General Partners”), which invest in Hawaii-based early-stage companies. Hi-CAP is the Hawaii State program of the State Small Business Credit Initiative (“SSBCI”) provided under The American Rescue Plan Act of 2021 and is administered by the U.S. Department of the Treasury.

This is **Part I** of the application process for Funds to be considered for Hi-CAP Invest.

#### Instructions:

- Please complete this application in one seating; there is no option to save and return to this document. If you notice errors in your application upon submission, please contact us at [hicap@htdc.org](mailto:hicap@htdc.org) immediately
  - This application requires the authorized signature of the General Partner (“GP”) of the Fund
  - For any “No” responses, please provide comments in the “Comments” column
  - If your submission is successful, you will receive a signed copy via email
  - Please download a copy for your records
  - **Proceed to Step 2 of the application at [www.htdc.org/hicap-invest](http://www.htdc.org/hicap-invest)**
  - Upload the signed copy of the TPQ form in Part II of the application process
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**SECTION I**

<b>A</b>	<b>General Qualifications</b>	<b>Yes</b>	<b>No</b>	<b>Comments</b>
1	Is the GP and Fund in good standing in all legal and regulatory jurisdictions in which it operates, and in compliance with all applicable laws and regulations?	<input type="checkbox"/>	<input type="checkbox"/>	
2	Are all individuals and especially "key person" staff of the GP and Fund licensed by appropriate authorities and legally able to conduct the business strategy of the Fund in jurisdictions where it operates?	<input type="checkbox"/>	<input type="checkbox"/>	
3	Does the GP produce independently audited financial statements/annual reports and/or other regulatory documents for inspection by limited partners and other authorities?	<input type="checkbox"/>	<input type="checkbox"/>	
4	Can you confirm that the GP is not excluded from receiving Federal contracts, certain subcontracts and certain Federal financial and nonfinancial assistance and benefits?	<input type="checkbox"/>	<input type="checkbox"/>	
5	Does the VC Firm (or any aspect of the Fund and its GP) restrict any ownership by (or any involvement with or ties to) foreign individuals, entities or organizations which would inhibit compliance with US Federal or State laws or statutes?	<input type="checkbox"/>	<input type="checkbox"/>	
6	Will the GP and Fund make available to the Treasury Inspector General all books and records related to the use of funds and annual reporting of financial results and financial position of the Fund?	<input type="checkbox"/>	<input type="checkbox"/>	

<b>B</b>	<b>Current Hawaii Presence</b>	<b>Yes</b>	<b>No</b>	<b>Comments</b>
1	Does the GP have full-time physical presence of employees or consultants in Hawaii? If so, provide brief comments.	<input type="checkbox"/>	<input type="checkbox"/>	
2	If there is no full-time physical presence of employees or consultants in Hawaii and if the GP receives a funding commitment from Hi-CAP, will the GP commit to hire staff or consultants who physically reside in Hawaii within 180 days of such commitment?	<input type="checkbox"/>	<input type="checkbox"/>	
3	If there is no physical presence of the VC Firm in Hawaii, will the GP commit to spending a minimum of 90 days in Hawaii per year during the life of the Fund in connection with the Fund's activities in Hawaii?	<input type="checkbox"/>	<input type="checkbox"/>	
4	Does the GP have a State of Hawaii Tax Clearance Certificate?	<input type="checkbox"/>	<input type="checkbox"/>	
5	If the GP does not have State of Hawaii Tax Clearance Certification, is it willing to obtain such certification prior to receiving a financial commitment from HTDC?	<input type="checkbox"/>	<input type="checkbox"/>	

C	Fund Strategy & Qualifications	Yes	No	Comments
1	Will the GP serve as a Fiduciary to all Fund partners in the management of the Fund?	<input type="checkbox"/>	<input type="checkbox"/>	
2	Will an investment from Hi-CAP rank at least <i>pari passu</i> in rights to cash flow and distribution with all other capital in the specific Fund?	<input type="checkbox"/>	<input type="checkbox"/>	
3	Will principals of the GP of the Fund invest their personal capital into the Fund equal to at least one percent of the total capital raised for the Fund?	<input type="checkbox"/>	<input type="checkbox"/>	
4	Does the GP attest that no individuals of the GP or Managers, or their immediate family, serve as an executive officer, director, or employee of HTDC?	<input type="checkbox"/>	<input type="checkbox"/>	
5	Does the GP attest that no individuals of the GP or Manager, or their immediate family, have a related interest as an executive officer, director, principal, or shareholder of (or a supplier to) any portfolio company in any Fund managed by the GP?	<input type="checkbox"/>	<input type="checkbox"/>	
6	Will the Fund conduct business solely in accordance with its stated purpose and the related limited partnership agreement?	<input type="checkbox"/>	<input type="checkbox"/>	
7	Will the Fund have its principal source of income from its primary business activities and not from other activities such as lending?	<input type="checkbox"/>	<input type="checkbox"/>	
8	Will the GP and Managers affirm that the Firm and the Fund will not engage in activities that are prohibited by federal law or applicable law in the jurisdiction where the business is located or conducted?	<input type="checkbox"/>	<input type="checkbox"/>	
9	Will the GP and Managers affirm that the Firm and the Fund will not invest in gambling enterprises, or any other enterprise that would not qualify for SBA 7(a) loan programs?	<input type="checkbox"/>	<input type="checkbox"/>	

D	HTDC Engagement	Yes	No	Comments
1	Will the GP invest an amount equal to HTDC's investment in the Fund into small businesses headquartered in Hawaii, as evidenced in a Limited Partnership Agreement or similar agreement for the Fund?	<input type="checkbox"/>	<input type="checkbox"/>	
2	Will the GP raise additional capital from private sources at least equal to the amount of HTDC's investment?	<input type="checkbox"/>	<input type="checkbox"/>	
3	Will the GP seek to obtain a 10:1 ratio of private investment to Hi-CAP investment?	<input type="checkbox"/>	<input type="checkbox"/>	
4	Is the GP willing to make in-person presentations to the Board and other stakeholders in public session at the invitation of HTDC? Note: to the extent possible, HTDC will protect confidential information and trade secrets of any GP so far as it complies with the laws of the State of Hawaii and US Federal Government.	<input type="checkbox"/>	<input type="checkbox"/>	

E	Portfolio Company's Use of Proceeds	Yes	No	Comments
1	Will investment funds to portfolio companies be used for a "business purpose" including startup costs, working capital, business procurement, franchise fees, equipment, inventory, as well as the purchase, construction renovation or tenant improvements of an eligible place of business that is not for passive real estate investment purposes, as defined in the Investee Certification for Use of Proceeds, excluding activities that relate to acquiring or holding passive investments, such as commercial real estate ownership and the purchase of securities, and lobbying activities (defined in Section 3(7) of the Lobbying Disclosure Act of 1995, P.L. 104-65, as amended)?	<input type="checkbox"/>	<input type="checkbox"/>	
2	<p>Does the GP understand and commit to the following:</p> <p>Investment proceeds from the Fund may not be used to:</p> <ul style="list-style-type: none"> <li>• repay delinquent federal or state income taxes unless investee has a payment plan in place with the relevant taxing authority</li> <li>• repay taxes held in trust or escrow</li> <li>• reimburse funds owed to any owner, including any equity injection or injection of capital for the business' continuance?</li> <li>• purchase any portion of the ownership interest of any owner of the fund manager business</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>	

F	GP and Fund Manager's Sex Offender Status	Yes	No	Comments
1	Do the GPs and other Principals of the Firm hold more than 60% interest in the Firm? If no, please comment.	<input type="checkbox"/>	<input type="checkbox"/>	
2	Will the Principals of the GP and/or Fund, as defined in the Investee Sex Offender Certification, attest that no Principal or employee of the Firm has been convicted of a sex offense against a minor?	<input type="checkbox"/>	<input type="checkbox"/>	
3	Will a partner who is a natural person holding 50% or more ownership of the GP and/or Fund sign a separate Investee Sex Offender Certification?	<input type="checkbox"/>	<input type="checkbox"/>	

I certify that all information provided is true and accurate.

Name of General Partner:

Signature:

\_\_\_\_\_

\_\_\_\_\_

Date: \_\_\_\_\_

## **SECTION II**

### **Attachment 1 - Investee Certification for Use of Proceeds and Conflict of Interest**

#### **Certification**

These assurances reference Section 3005(e)(7) and Section 3011(c)(2) of the Small Business Jobs Act of 2010.

Legal name of investee: \_\_\_\_\_

The investee hereby certifies the following to the lender or investor:

1. The loan or investment proceeds will be used for a "business purpose." Business purpose includes, but is not limited to, startup costs, working capital, business procurement, franchise fees, equipment, inventory, as well as the purchase, construction renovation or tenant improvements of an eligible place of business that is not for passive real estate investment purposes. The definition of business purpose excludes: activities that relate to acquiring or holding passive investments, such as commercial real estate ownership and the purchase of securities; and lobbying activities, as defined in Section 3(7) of the Lobbying Disclosure Act of 1995, P.L. 104-65, as amended.

2. The loan or investment proceeds will not be used to:

- a. repay delinquent federal or state income taxes unless the Borrower has a payment plan in place with the relevant taxing authority; or
- b. repay taxes held in trust or escrow, e.g., payroll or sales taxes; or
- c. reimburse funds owed to any owner, including any equity injection or injection of capital for the business' continuance; or
- d. to purchase any portion of the ownership interest of any owner of the business.

3. The borrower or investee is not:

- a. a business engaged in speculative activities that develop profits from fluctuations in price rather than through normal course of trade, such as wildcatting for oil and dealing in commodities futures, unless those activities are incidental to the regular activities of the business and part of a legitimate risk management strategy to guard against price fluctuations related to the regular activities of the business; or
- b. a business that earns more than half of its annual net revenue from lending activities; unless the business is a non-bank or non-bank holding company Community Development Financial Institutions; or
- c. a business engaged in pyramid sales, where a participant's primary incentive is based on the sales made by an ever-increasing number of participants; or
- d. a business engaged in activities that are prohibited by federal law or applicable law in the jurisdiction where the business is located or conducted. (Included in these activities is the

production, servicing, or distribution of otherwise legal products that are to be used in connection with an illegal activity, such as selling drug paraphernalia or operating a motel that knowingly permits illegal prostitution); or

e. a business deriving more than one-third of gross annual revenue from legal gambling activities.

4. The investee is compliant with the venture capital program conflict of interest standards set forth in Section VIII.f of the SSBCI Capital Program Policy Guidelines. Briefly, these standards provide that no SSBCI insider, or a family member or business partner of an SSBCI insider, has a personal financial interest in the investee unless an exception specified in Section VIII.f of the SSBCI Capital Program Policy Guidelines applies. The terms "SSBCI insider," "family member," "business partner," and "personal financial interest" have the meanings set forth in Section VIII.f of the SSBCI Capital Program Policy Guidelines.

If an exception applies, it must be specified here:

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The undersigned is an authorized representative of the investor or investee.

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**SECTION III**

**Attachment 2 – Sex Offender Investee Certification**

This certification is required by Section 3011(c)(2) of the Small Business Jobs Act of 2010 from any private entity that receives a loan, a loan guarantee, or other financial assistance using funds received by a participating State under the State Small Business Credit Initiative.

Under the State Small Business Credit Initiative (SSBCI), investors and investees must certify that their principals have not been convicted of a sex offense against a minor.

Legal name of investee: \_\_\_\_\_

The investor or investee hereby certifies the following to the participating jurisdiction: No principal of the entity listed above, has been convicted of a sex offense against a minor (as such terms are defined in 34 U.S.C. § 20911). For the purposes of this certification, “principal” is defined as if a sole proprietorship, the proprietor; if a partnership, each managing partner and each partner who is a natural person and holds 50 percent or more ownership interest of any class of the partnership interests; if a corporation, limited liability company, association, development company, or other entity, each director, each of the five most highly compensated executives or officers of the entity, and each natural person who is a direct or indirect holder of 50 percent or more of any class of equity interest in the entity; and if a partnership where the managing partner is a corporation, limited liability company, association, development company, or other entity, each director and each of the five most highly compensated executives or officers of the entity.

The undersigned is an authorized representative of the investor or investee.

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_