DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM (DBEDT)

MINUTES OF THE COMMUNITY-BASED ECONOMIC DEVELOPMENT (CBED) ADVISORY COUNCIL MEETING

THURSDAY, JUNE 24, 2020, AT 10:00 A.M.

VIA VIRTUAL APPLICATION ZOOM: VIDEO/AUDIO CONFERENCE

Advisory Members Present were:

Rachel James (Chair) - Advisory Council Member (Oahu)
Jane Horike - Advisory Council Member (Hawaii/Hilo)
Kaleokalani Kuroda - Advisory Council Member (Oahu)
Dennis Ling - Department of Business, Economic Development & Business (DBEDT)
Nancy Elvira Lo - Advisory Council Member (Oahu) (joined 10 minutes late due to technical issues)
Matthew Loke - Department of Agriculture (Oahu)
Ernest Matsumura - Advisory Council Member (Hawaii/Hilo)
James Patterson - Office of Hawaiian Affairs & Department of Agriculture (Oahu)

Guests:

Heather Piper - Hawaii Community Reinvestment Corporation (HCRC)
Keoni Lee - Hawaii Investment Ready

Staff:

Margaret Ahn - Attorney General’s Office
Lyle Fujikawa - DBEDT
Leslie Kawamoto - DBEDT
Mark Ritchie - DBEDT
Wayne Thom - DBEDT
Timothy Tiu - DBEDT
Selma Malcolm (Recording) - DBEDT

CALL TO ORDER:

The meeting was called to order by Chair James on Thursday, June 24, 2020, at 10:06 a.m., who welcomed and thanked everyone present for joining the meeting via ZOOM.

Members were provided the opportunity to introduce themselves.
APPROVAL OF MAY 7, 2020 MEETING MINUTES:

Minutes of the meeting held on Thursday, May 7, 2020, were approved unamended on a motion by Mr. Dennis Ling and seconded by Ms. Jane Horike.

Chair James requested a roll call vote and the following Council members approved the motion: Ms. Horike, Mr. Ling, Mr. Kuroda, Mr. Loke, Mr. Patterson, Mr. Matsumura and Chair James.

The motion was unanimously approved.

OLD BUSINESS:

Manager’s Report:

Chair James invited Ms. Piper to share her report on the work she had done with the one-on-one consulting in assisting non-profits with the CARES Act.

Mr. Ritchie informed the meeting that the proceedings were being recorded to produce accurate minutes. Then, he noted that Ms. Piper will be reporting on community-based non-profit assistance with the Paycheck Protection Program (PPP) and the Economic Injury Disaster Loan (EIDL) funding. Also, he noted that he is currently working with Ms. Piper on opportunity zone projects per the council members’ discussion at the previous meeting about the funds that are still available on the contract.

A. Report from Ms. Heather Piper, Executive Director of Hawaii Community Reinvestment Corporation (HCRC)

Ms. Piper gave a PowerPoint presentation.

She thanked the Council for the inviting her to the meeting and for the flexibility in allowing her and Mr. Ritchie to divert from the opportunity zone projects in April to focus on the COVID-19 crisis where the demand for services seemed to be the focus at that time. The role that HCRC played was a financial response to COVID-19.

Ms. Piper reported that from the end of March to early May 2020, HCRC focused its community outreach efforts providing assistance to small business organizations, both for-profits and non-profits and the majority of those companies were non-profits. She also reported that HCRC coordinated web-based training sessions that assisted business organizations that needed assistance applying for the newly announced Paycheck Protection Program (PPP) and the Small Business Administration (SBA) Economic Injury Disaster Loan program (EIDL). She stated that one of the reasons they had non-profits as a part of their target market is non-profits have never been included as part of SBA programs and that was the first time they would be included in the SBA loan programs and HCRC was asked to fill that role and HCRC and SBA have a good relationship. Ms. Piper also stated that HCRC lends to for profit organizations but felt it would be good to reach out and get the non-profits as part of the programs.
Ms. Piper informed the Council that HCRC coordinated and participated in five (5) workshops (coordinated 3 & participated in 2 others) that included: Toolkit for Nonprofits with HANO and Hawaii Investment Ready with approximately 150 -175 attendees. The participants received intense training on preparation to apply for the PPP loan and EIDL loans and an accountant was available to assist with the calculation of their payroll. Forms from the SBA website were converted into excel and word documents and Ms. Sawyer explained aspects of the application process with the attendees online. Ms. Piper indicated that it was a hands-on training on how to get through the federal application process. Other seminars focused on cashflow capital and COVID-19 financial resources with approximately 75-100 participants, including navigating government programs for COVID stabilization and recovery with SBA, Pamela Witty-Oakland, City & County of Honolulu and Funding Opportunities for Hawaii Agricultural Producers with Kohala Center.

Ms. Piper stated that the recipients of their training applied directly with their financial institution and the SBA to access their funds. With the seminars and webinars, HCRC offered free additional consulting one-on-one to any organization that was interested. She stated that they worked with approximately 20 organizations (5-non-profits & 15 for profits) assisting with filling out their PPP forms and preparing information for the EIDL and other funding sources. Of the 20, 14 confirmed receipt of funds from SBA through the PPP program totaling $1.5 million; 6 received funds from the SBA EIDL program totaling $700,000 (an average of $125,000 per organization). HCRC financial toolkit is available on their website, (i.e., taking the SBA forms and converting them into excel format so companies could fill them out ahead of time and then reinput on the SBA website).

Ms. Piper noted that the contract between DBEDT and HCRC was originally supposed to terminate at the end of April 2020. She reiterated her appreciation for the opportunity to divert from opportunity zone projects in April due to the COVID-19 crisis. She also noted that due to travel restrictions, she had to cancel her follow-up opportunity zone workshops on the Big Island in April.

Regarding the HCRC contract, Mr. Ritchie indicated that there are remaining funds on the original contract and it was decided that the contract be extended. However, he would regroup with Ms. Piper and strategize how to finish out the contract by year end. He will provide the Council with a report at the next meeting.

Ms. Piper stated that the opportunity zone contract is still open but it’s not active right now and although she is still taking phone calls and emails from people associated with the program, she’s not clocking her time, etc.

Mr. Kuroda thanked Ms. Piper for her presentation and for working with those 20 entities (nonprofit & for profit). He noted that his organization has been helping other organizations applying for the City grants program and it can be very challenging for the companies to fill out the paperwork online and he appreciates the help HCRC provided.
B. Review of Memorandum of Agreement with Feed the Hunger Foundation (FTHF) & DBEDT:

The Council reviewed a copy of the Memorandum of Agreement between the Department of Business, Economic Development and Tourism (DBEDT), Community-Based Economic Development Program (CBED) and Feed the Hunger Foundation (FTHF).

At this point, Ms. Lo joined the meeting.

Mr. Ritchie stated that in addition to the Hawaii Department of Agriculture (DOA) participation loan program with DBEDT/CBED, DBEDT has signed a Memorandum of Agreement with Feed the Hunger Foundation that is similar to the agreement with DOA for co-lending and loan servicing. FTHF will be servicing loans for DBEDT, their loan officer Aaron Ellis is located here in Hawaii and their mission is very similar to ours. Mr. Ritchie stated that in the future, FTHF will be invited to make a presentation to the Council. Also, DBEDT would like to do a joint outreach with FTHF, but because of COVID restrictions, he’s looking at planning the outreach sometime in the Fall.

Mr. Ritchie stated that FTHF is aware of our loan servicing work with DOA and that DBEDT will be making a similar arrangement with them and there will be a separate loan agreement for each loan with servicing details, etc. Ms. Horike inquired about loan processing fees. Mr. Ling stated that the loan processing fees do not affect the proceeds that go to the borrower, it comes from the interest that we collect.

NEW BUSINESS:

A. Recommendation to Approve DBEDT applying for a Federal Economic Development Administration (EDA) Grant of up to $1 million:

Mr. Ritchie presented a recommendation to the Council to approve applying for up to a $1 million Federal EDA grant. He explained that the EDA is a federal government agency focused on economic development and a lot of federal funds are in these departments that organizations can apply for including state organizations. He noted that EDA money could be used to recapitalize a revolving loan fund such as our CBED revolving loan fund. DBEDT is in the process of applying for the EDA grant but currently, DBEDT/he is working on reviewing the federal regulations for revolving loan funds when applying for EDA grants. Mr. Ritchie said that DBEDT is working with Ms. Ahn/AG’s office regarding the application process as DBEDT will be applying for up to $1 million in grant funds with a $200,000 match from our CBED revolving fund which will go exclusively for making loans to small businesses. The loan requirements and terms would follow CBED statute and administrative rules. The federal funds would be deposited into the CBED revolving fund and low interest loans would be made to companies for recovery from the effects of COVID-19 business shut-downs with the objective of creating and/or maintaining jobs and supporting businesses that help the
Chair James requested a motion to approve DBEDT’s recommendation to apply for the EDA grant of up to $1 million.

Motion was made by Ms. Horike and seconded by Mr. Ling to approve the recommendation by DBEDT to apply for a Federal Economic Development Administration (EDA) grant of up to $1 million to make loans to small businesses statewide.

A roll call vote was requested with the following council members agreeing to the motion: Ms. Horike, Mr. Ling, Mr. Kuroda, Mr. Loke, Ms. Lo, Mr. Matsumura Mr. Patterson and Chair James.

Motion was passed unanimously.

Public Testimony: Ms. Ahn asked if any member of the public would like to testify. There was no public testimony.

B. Recommendation to approve up to $40,000 in total for grants to organizations for grant writing technical assistance:

Mr. Ritchie presented a recommendation for approval of up to $40,000 in total for grants to organizations that will provide grant writing and technical assistance to various nonprofit organizations for projects that are readily implementable. He said that the projects must have components that exhibit a community economic development benefit, and show sustainability with the ability to create and maintain jobs in the community. Mr. Ritchie stated that the reason for this recommendation is, DBEDT is trying to help organizations apply for federal money as there is a tremendous amount of federal money available from every federal government department to work on projects. He felt that these would be community-type projects and DBEDT would be able to start helping some of these organizations with technical assistance, i.e., $5,000 to review applications.

Mr. Thom stated that he has been working with the Kapili Like Resource Center, a 501(c)(3) in Waimanalo that has a 22-acre property and is in the process of acquiring another 10-acres. The center will be establishing a village for homelessness in Waimanalo as well as providing participants with training, certification and job placement support to enhance the community and economic growth. Mr. Thom indicated that DBEDT/he is collaborating with three (3) other nonprofits and one (1) for profit organization to create a community resource center for the Waimanolo community to include a commercial kitchen, childcare center and a construction training program. The commercial kitchen is also scheduled to create a culinary training program. He said that he introduced the Center representative to three (3) different federal agencies, i.e., USDA, Housing & Urban Development (HUD) and they already contacted EDA. They
are looking at additional collaborations with Kamehameha Schools and Castle Foundation/Terry George. The center needs assistance in grant writing and felt that DBEDT could provide assistance for training in grant writing.

Ms. Horike asked if the funding is open to other “shovel-ready” projects, as well. Mr. Thom answered in the affirmative. Mr. Ritchie then asked the Council members if they knew of other projects that are trying to go after federal money maybe we could use some of this money to provide technical assistance.

Motion was made by Ms. Horike and seconded by Mr. Patterson to approve the recommendation by DBEDT to provide up to $40,000 in total for grant writing technical assistance to multiple non-profits statewide that exhibit projects that are ready.

Chair James requested a roll call vote and the following council members agreeing to the motion: Ms. Horike, Mr. Ling, Mr. Kuroda, Mr. Loke, Ms. Lo, Mr. Matsumura, Mr. Patterson and Chair James.

Motion was passed unanimously.

C. Guest Presentation – Mr. Keoni Lee of Hawaii Investment Ready (HIR):

Mr. Ritchie introduced Mr. Lee, CEO of Hawaii Investment Ready. Mr. Lee gave a synopsis of his background before starting his PowerPoint presentation.

During his PowerPoint presentation, Mr. Lee said that Hawaii Investment Ready is a 501(c)(3) company, focusing on people, organizations, social and environmental issues by accelerating social enterprise impact and access investment.

Mr. Lee pointed out that HIR started its social enterprise accelerator in 2013 and it’s the only accelerator that services primarily 100 percent of Hawaii-based enterprises, both for profits and nonprofits programs – about 60 percent of their enterprise are non-profit in each cohort. Other programs include leveraging Hawaii capital where he met Mr. Ritchie and Mr. Fujikawa of DBEDT, and he is currently working with them on Hawaii capital scan. Impact financial management bootcamp is technical assistance and capital building for impact enterprises to learn best practices and strategies to align their financial management system with their impact model. Also, the Kukulu switchboard is the community philanthropy giving and sharing platform that was launched in response to COVID-19.

Mr. Lee expressed that the social enterprise accelerator has an 18-month cohort-based program, 9 months of bespoke consulting is the curriculum phase with 7 in-person, off-site modules multiple days; cohorts 4 is their consulting period. Currently there are 51 enterprises - 92 participants and 3 entrepreneurs are in the last 3 cohorts.
Mr. Lee shared evidence of a survey on its enterprises in April 2020 on the impact of COVID-19. He also expressed that they have been working with several major companies including Ma’o, Hawaii Community Assets, Kupu, Hawaii Food Basket, etc.

Chair James thanked Mr. Lee for his presentation.
Mr. Ritchie commended Mr. Lee on HIR cohorts.

Mr. Lee advised that his next cohort is scheduled for July 2021 but he’s likely to move it up to January 2021 and he’s doing it as a resilience cohort focusing on basic needs, food, housing and health, regenerative tourism and education.

Mr. Ritchie advised the Council that Mr. James Patterson is going to be retiring and will be turning over his ex-officio position for OHA to someone else (we don’t know yet who that person is). Mr. Ritchie on behalf of the Council thanked Mr. Patterson for serving on the Council and for his thoughtfulness.

Mr. Patterson said he enjoyed being on the advisory council and as soon as his replacement on the council is selected, he will have OHA contact DBEDT/Mr. Ritchie.

NEXT MEETING:
TBA

ADJOURNMENT:
The meeting was adjourned at 11:20 a.m., on a motion by Mr. Ling and seconded by Ms. Horike. Motion was passed unanimously.

Respectfully submitted,

Rachel James
Chair

Date

2.23.2021