

DRAFT

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM (DBEDT)

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

TUESDAY, OCTOBER 19, 2021, AT 9:00 A.M.

VIA VIRTUAL APPLICATION ZOOM: VIDEO/AUDIO CONFERENCE

Advisory Members Present were:

Rachel James (Chair)	-	Advisory Council Member (Oahu)
Casey Brown	-	Office of Hawaiian Affairs (Ex-Officio)
Jane Horike	-	Advisory Council Member (Hawaii/Hilo)
Kaleokalani Kuroda	-	Advisory Council Member (Oahu)
Nancy Elvira Lo	-	Advisory Council Member (Oahu)
Matthew Loke	-	Department of Agriculture (Ex-Officio)
Dennis Ling	-	Department of Business, Economic Development & Business (Ex- Officio)
Ernest Matsumura	-	Advisory Council Member (Hawaii/Hilo)
Teena Rasmussen	-	Advisory Council Member (Maui)

Guest:

Heather Piper	-	Hawaii Community Reinvestment Corporation (HCRC)
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Staff:

Margaret Ahn	-	Attorney General's Office
Marlene Hiraoka	-	DBEDT
Mark Ritchie	-	DBEDT
Wayne Thom	-	DBEDT
Timothy Tiu	-	DBEDT
Selma Malcolm	-	DBEDT

CALL TO ORDER:

The meeting was called to order by Chair James on Tuesday, October 19, at 9:04 a.m.

- **Welcome Current Members and Introduction of any Guests:**
Chair James welcomed and thanked everyone for joining the meeting via Zoom.

She then asked that they introduce themselves and to also state if they were alone at their respective meeting sites, per the Governor's Proclamation.

APPROVAL MAY 27, 2021, MEETING MINUTES:

Chair James requested a motion to approve the Minutes of Thursday, May 27, 2021, with minor modifications. Motion to approve the Minutes with minor modifications was made by Mr. Ling and seconded by Ms. Horike.

Roll call vote was requested and the following Council members approved the motion: Ms. Horike, Chair James, Mr. Kuroda, Mr. Ling, Ms. Lo, Mr. Loke, Mr. Matsumura, Mr. Brown and Ms. Rasmussen.

The motion was unanimously approved.

NEW BUSINESS:

1. Approval of DBED/CBED Loan of \$50,000 to Re-Use Hawaii for Working Capital and Equipment:

Ms. Heather Piper, Executive Director of the Hawaii Community Reinvestment Corporation (HCRC) reported on a loan request from Re-Use Hawaii to be used for working capital and equipment. It is a participation / co-lending partnership loan between HCRC and DBEDT/CBED for a total amount of \$100,000. Ms. Piper stated that Re-Use Hawaii is a local non-profit organization that reduces waste and provides the community with affordable building material resource. The organization was able to stay open during COVID-19 because they were considered essential service. Both the construction side and retail side of the business are doing hardware retail and have seen a tremendous increase in both lines of business, particularly in their resale of lumber and other materials.

Ms. Piper indicated that the loan will be secured by the UCC (Junior) Blanket Security Interest of Business Assets of Re-Use Hawaii.

Mr. Ritchie stated that DBEDT/CBED would be doing the same type of deal with HCRC like the Department of Agriculture where HCRC would be servicing the loan for DBEDT in exchange for certain administrative fees.

Mr. Brown stated that he is very familiar with Re-Use Hawaii. Their Oahu headquarters are located in Kakaako on Keawe Street. Also, that Re-Use Hawaii leases the facility from the Office of Hawaiian Affairs (OHA) and their lease expires in June 2022 with an option to extend and they are planning to accept an extension. Mr. Brown noted that Re-Use Hawaii is a great company, very environmentally oriented, provides job creation and financially healthy and that their Kakaako location is perfect for them.

Ms. Rasmussen asked Mr. Brown if Re-Use Hawaii has adequate space to grow their business at the lot they are occupying at the Kakaako location.

Mr. Brown said that lot is perfect for their operation and it might be over two acres which he would confirm. Also, that he has not seen them wanting to move nor having any growth issue.

Mr. Ritchie noted that he looked at their website, and they are recruiting for 4 new positions which is workforce development, and it would allow DBEDT to receive credit from the EDA because a part of their economic measures is growing jobs.

During discussion, Ms. Piper indicated that Re-Use Hawaii expanded its workforce development program in 2020 for vocational and deconstruction training. They had about 21 participants in the program, some were hired as trainees while others were hired on a permanent basis. Ms. Piper stated that Re-Use Hawaii has two primary lines of business programs that account for 96% of their operating revenue and that Re-Use Hawaii is a contractor for various deconstruction projects. Once the building is disassembled, they would salvage the materials for reuse, which conserves resources and energy, reduces waste, creates jobs and transforms waste into resources. They have done various deconstruction projects for hotels, residential, and commercial buildings. They also have a special contract with the Local 368 union, that allows them to work as a sub-contractor on union projects and using union workers and paying the union wages and dues.

Mr. Brown indicated that Re-Use Hawaii is a very good community-based business and he agreed with Ms. Piper's comments.

The loan will be used to purchase equipment.

Chair James thanked Ms. Piper for her presentation then inquired if there was a motion to approve co-lending with Hawaii Community Reinvestment Corporation's loan amount of \$50,000 and DBEDT-CBED loan of \$50,000 to Re-Use Hawaii.

Motion was made by Ms. Rasmussen and seconded by Mr. Ling to approve the CBED Loan of \$50,000 to Re-Use Hawaii to be used to purchase equipment.

Roll call vote was requested, and the following Council members approved the motion: Ms. Horike, Mr. Kuroda, Mr. Ling, Ms. Lo, Mr. Loke, Mr. Matsumura, and Ms. Rasmussen. Chair James and Mr. Brown recused themselves from the vote.

The motion was approved.

2. Approval of Technical Assistance Grant of up to \$10,000

Mr. Ritchie requested the Council's approval of a technical assistance grant of up to \$10,000 to assist businesses that have completed the CBED loan interest form but require additional assistance in preparing their loan documents for the underwriting process.

Mr. Ritchie explained that DBEDT posted a CBED loan interest form on its website which was not a prequalification form, but rather a form meant to determine if companies would be appropriate for a CBED loan. But he realized that most of the companies are not ready to start the underwriting process so there is an intermediary step needed to assist promising companies with preparation for the underwriting process. Mr. Ritchie explained that CBED would likely issue small contracts to assist companies on an as needed basis.

Ms. Rasmussen was concerned if those companies would be good candidates for loans since they were in so much disarray.

Chair James then stated that sometimes with small businesses, the majority of their time is spent doing the work of their business, so they don't always have the time to refine their administrative structure. refined.

Chair James inquired if there was a motion to approve the technical assistance grant of \$10,000 to assist businesses that have completed a CBED loan interest form but require further assistance before underwriting can be done.

Motion was made by Mr. Kuroda and seconded by Mr. Mr. Matsumura to approve the Technical Assistance Grant of \$10,000.

Roll call vote was requested, and the following Council members approved the motion: Chair James, Ms . Horike, Mr. Kuroda, Mr. Ling, Ms. Lo, Mr. Loke, Mr. Matsumura, Mr. Brown and Ms. Rasmussen.

The motion was unanimously approved.

At this point, Ms. Piper left the meeting.

3. Approval of Technical Assistance grant of \$5000:

Mr. Ritchie requested the Council's approval of a technical assistance grant of \$5000 to provide booth space and trade show training for the West Oahu companies that will be first time exhibitors at the Made in Hawaii Festival in collaboration with the Institute for Native Pacific Education and Culture (INPEACE), located on the Waianae Coast.

Mr. Ritchie stated that INPEACE has been working with 40-50 home-based businesses and some of their products are in now in stores. Also, that INPEACE will be taking five of its best companies to take to the trade show. The trade show will be held at the Ala Moana Center in November 2021. Mr. Ritchie advised that the grant is to provide booth

space and training, and training was offered last week via Zoom and it was opened up to other Made in Hawaii Festival companies.

Mr. Ritchie explained that administratively, DBEDT/CBED would transfer \$5000 from our CBED program to Innovate Hawaii/HTDC and have our CBED INPEACE group go in the trade show with them. He noted that DBEDT has been trying to work with different groups on the Waianae Coast and DBEDT is making some progress trying to grow other companies on that part of the island.

Ms. Rasmussen asked if this technical assistance grant of \$5000 will be coming from the same fund as the last grant we approved for \$10,000. Mr. Ritchie responded in the negative and stated that this is separate and specifically earmarked for the Made in Hawaii Festival. Mr. Ritchie noted that loans are tied to our revolving loan fund account where we use the EDA money with a CBED match. He explained that we have a separate broader CBED account which can be used for three things that we offer - technical assistance, grants, and loans.

Mr. Matsumura noted that the \$5000 is a small amount of money for the Waianae Coast and that he was wondering if the businesses are ready to sell products or services. Mr. Ritchie responded in the affirmative and noted that that is what got DBEDT interested and DBEDT would really like to work more with Waianae Coast and West Oahu in the future.

Chair James inquired if there was a motion to approve the technical assistance grant to assist with booth space and trade show training for West Oahu companies.

Motion was made by Ms. Rasmussen and seconded by Ms. Horike to approve the Technical Assistance Grant of \$5000.

Roll call vote was requested, and the following Council members approved the motion: Chair James, Ms. Horike, Mr. Kuroda, Mr. Ling, Ms. Lo, Mr. Loke, Mr. Matsumura, Mr. Brown and Ms. Rasmussen.

The motion was unanimously approved.

IV. OLD BUSINESS:

Mr. Ritchie noted that due to time constraints, items 1, 4 and 5 under “Old Business” will be discussed in more detail at our next council meeting.

Report on Balance and Status of Current Non-EDA Funded Loans:

Mr. Thom gave a status report on the following CBED Non-EDA Funded loans:

- **Chanthabouasith, Sing** – loan of \$50,000 (with our co-lending partner, the Department of Agriculture (DOA) and DBEDT was paid in full. (DOA - \$25,000 and DBEDT - \$25,000)
- **Luangrath, Ounheuane** – loan was paid in full during the last fiscal year, ended 6/30/2021.
- **Chandara, Khammouane** – is in default and the Department of Agriculture is pursuing it with the Attorney General’s Office.
- **Kohala Meats & Deli, LLC** – beginning balance on July 1, 2020 was \$14,006.66 and as of June 30, 2021, the balance is \$10,927.01. The loan payments are being made on a regular basis.
- **Hawaiian Agricultural Products, LLC** – received a loan of \$60,000 in 2021 in conjunction with the Department of Agriculture – they have been paying regular basis.

\$15,557.46 was paid back in principal and DBEDT/CBED paid a total of \$1,522.66 in administrative fees.

Status Report on Loan Escrow of Oahu Community Recycling (OCR) Inc., dba Small Kine Farm:

Mr. Ritchie reported that at the last meeting, the Council approved a loan with our co-lending partner, the Hawaii Department of Agriculture (HDOA) for \$780,000 and the DBEDT/CBED loan amount was \$50,000 to Oahu Community Recycling, Inc., (OCR), dba Small Kine Farm. The HDOA portion of the loan was for the purchase of the farm parcel leased from the Plant Research Corporation and CBED’s portion was for the purchase and retrofitting of two shipping containers to be used to expand mushroom production by 30%. Mr. Ritchie stated that DBEDT/CBED received the ‘drawdown’ from the EDA but because the HDOA portion of the loan was for the purchase of farmland, and there has been some title issues with the current landowner, the HDOA portion of the loan is still in Escrow, and the DBEDT/CBED portion of the loan has not been issued to the lender yet.

PUBLIC TESTAMONY:

Chair James invited the public to offer testimony but there was none.

NEXT MEETING:

Chair James suggested consideration of a regular meeting schedule for the CBED Advisory Council. Mr. Ritchie agreed such a meeting schedule could be helpful in assuring quorum and

that the issue can be taken up in the next meeting, which is likely to be in November. Council members were asked to standby for meeting planning information to be sent via email.

ADJOURNMENT:

The meeting was adjourned at 10:04 a.m.

Respectfully submitted,



Rachel James
Chair

Oct 22, 2021

Date