

**COMMUNITY-BASED ECONOMIC DEVELOPMENT
(CBED)
ADVISORY COUNCIL MEETING
Tuesday, May 19, 2026, 10:00 a.m.**

Old Business

Approval of CBED Advisory Council Meeting Minutes for
April 21, 2026

DRAFT

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM (DBEDT)

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

TUESDAY, APRIL 21, 2026 AT 10:00 A.M.

**No. 1 Capitol District Building,
250 South Hotel Street, 5th Floor Conference Room
Honolulu, Hawaii 96813**

AND VIA VIRTUAL APPLICATION TEAMS: VIDEO/AUDIO CONFERENCE

Advisory Members Present were:

Michelle Agbigay	-	Advisory Council Member (Hawaii)
Josephine (Poni) Askew	-	Office of Hawaiian Affairs (OHA, Ex-Officio)
Lesley Harvey	-	Department of Agriculture & Biosecurity (DAB, Ex-Officio)
Colleen McAluney	-	Advisory Council Member (Oahu)
Roberta Melton	-	Advisory Council Member (Kauai)
Kaiana Niezman	-	Advisory Council Member (Hawaii)
Teena Rasmussen	-	Advisory Council Member (Maui)
Jason Ushijima For Dennis Ling	-	Department of Business, Economic Development & Tourism (DBEDT, Ex- Officio)

Guests:

Wayne Takamine	-	State of Hawaii, Department of Agriculture & Biosecurity, Loan Division
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Staff:

John Cole	-	Attorney General's Office
Timothy Tiu	-	DBEDT
Selma Malcolm	-	DBEDT

Apologies:

Karen Barr	-	Advisory Council Member (Oahu)
Will Smith	-	Advisory Council Member (Kauai)

CALL TO ORDER:

Mr. Ushijima called the meeting to order on Tuesday, April 21, 2026, at 10:01 a.m., and welcomed all present. All members participated via Microsoft Teams. A roll call was conducted, and all members confirmed they were alone in their respective locations. Mr. Ushijima was the DBEDT-CBED representative and ex-officio for Dennis Ling.

Mr. Ushijima also welcomed Mr. John Cole, Deputy Attorney General, Wayne Takamine, Loan Officer at the Department of Agriculture and Biosecurity and DBEDT staff.

OLD BUSINESS:

Approval of Minutes of March 17, 2026:

Minutes of the March 17, 2026, meeting were distributed and reviewed by the Council. Mr. Ushijima asked if there were any comments and/or corrections to the Minutes. There were none and he asked for a motion to approve the Minutes.

The motion was made by Ms. Melton and seconded by Ms. Askew to approve the Minutes of the March 17, 2026 Meeting, as presented.

Mr. Ushijima asked if there were any objections and there were none. The motion to adopt the March 17, 2026 Minutes was approved unanimously.

Public Testimony:

There was no public testimony.

NEW BUSINESS:

1. Approval of CBED Loan of \$25,000 to OCR Inc dba Small Kine Farm:

Mr. Ushijima introduced the prospective loan for OCR dba Small Kine Farm, owned by Mr. Fung Yang who has been cultivating organic compost and mushrooms in Waiamanalo since 2009. The company has been selling organic mushrooms at farmers markets on Oahu and to local wholesalers. Mr. Ushijima continued that Mr. Yang currently has a \$50,000 loan with DBEDT-CBED in good standing and he is seeking an additional \$50,000 loan due to water damage from the recent Kona Low Storm that impacted his supplies of composting and growth materials negatively.

The total financing package would be \$50,000 made up of two loans: one with Department of Agriculture and Biosecurity (DAB) for \$25,000 and a subsequent second DBEDT-CBED loan of \$25,000.

Mr. Takamine, Loan Officer with DAB presented the \$25,000 CBED operational loan request from Mr. Yang, noting that the farm was located in the Waimanalo Agricultural Park and within the Waimanalo Enterprise Zone.

He continued that the loan will be used to purchase operational supplies including peat moss, lime, gypsum, bone meal and chicken manure. These materials are used to create substrate media for mushroom production.

Mr. Takamine stated that the terms of the \$25,000 CBED loan would be 60 months, up to 5 years, with an interest rate of 4%. The monthly payment would be about \$461 and the collateral for the loan is a junior lien on farm assets with an estimated value of \$677,235.

Mr. Takamine noted that DAB will separately present a \$25,000 emergency loan to its board for to storm-related losses from the recent Kona Low Storm system and that the CBED loan is not tied to direct storm damage, but rather for operational inputs.

During discussion, Ms. Rasmussen asked whether Mr. Takamine felt confident that Mr. Yang's current revenue would be sufficient to repay his obligations, given the number of loans he has.

Mr. Takamine explained that the most recent loan issued to Mr. Yang in 2023 was intended to support his relocation. Also that Mr. Yang previously farmed in Waimanalo but experienced water issues there. So he applied for and was approved for an Agricultural Park lease through the Department of Agriculture and Biosecurity. Although a prior loan had been used to purchase property in Waimanalo, he chose to relocate to the Ag Park, and the department supported the move with loan funds.

Mr. Takamine also noted that while OCR dba Small Kine Farm's financial statements may appear to show declining revenue, this reflects temporary relocation expenses that were covered by the loan and overall, their financial outlook remains solid.

Mr. Ushijima mentioned that Small Kine Farm maintains wholesale accounts with Foodland, Times, Don Quijote and Down to Earth, and has revenue from farmers markets and restaurant clients.

Ms. Abigay asked whether any portion of the requested funds would go toward improvements that reduce future risk. Mr. Takamine explained that CBED loan would be for operations and production supplies and the Emergency Loan would be for loss recovery, as required by statute and proclamation, and is intended to return the farm to its pre-storm condition.

Ms. Askew sought confirmation that the CBED Loan is not directly connected to emergency Kona storm impacts and inquired about damage verification processes if it had been. This was confirmed by Mr. Takamine.

Mr. Neizman inquired about the collateral supporting the loans. Mr. Takamine replied that the collateral is a junior UCC filing on farm assets and that a senior UCC currently held by another lender and the department (DAB) will seek subordination. He noted that farm assets total approximately \$677,000, sufficient to cover the two \$25,000 loan and that the potential borrower maintains excellent credit with timely payments.

Mr. Neizman also asked for clarification about the declination from Central Pacific Bank and Mr. Takamine explained that CBED requires this as it is intended to be a lender of last resort. He also noted that commercial banks often avoid agricultural risk and lack flexibility compared to CBED and DAB, which can offer forbearances and eased restrictions.

Ms. Melton expressed strong familiarity with Small Kine Farm and its positive reputation. She noted the borrower's prior SBIR award and significant contributions to both agriculture and technology. She underscored that the borrower's visibility in restaurants and stores and emphasized his importance to the local food chain. She supports efforts to help the borrower continue succeeding.

Ms. Rasmussen then asked when the borrower moved into the new facility and inquired if the 10,000 sq. ft. building that was onsite was preexisting or constructed by the borrower. Mr. Takamine explained that the new site was obtained in 2023 and went on to note that that a prior land purchase loan fell through; the current loan was modified after securing the lease. He said that the borrower uses multiple modified shipping containers for production, substrate development, storage, and growing, rather than a single large building. He noted that Mr. Yang had made considerable site improvements including cement foundations, walkways, and installation of a PV system that largely replaces HECO utility service.

With no other questions or comments, Mr. Ushijima asked if anyone would like to make a motion recommending the approval of a DBEDT-CBED loan of \$25,000 to OCR dba Small Kine Farm to Mr. Yang. The motion was made by Ms. Melton and seconded by Ms. Barr. A roll call vote was taken with all Council members voting unanimously.

Mr. Ushijima expressed appreciation to Mr. Takamine and his team for their recent work supporting agricultural programs. He noted that they have been extremely busy working on emergency loans and emergency grants for farmers and thanked Mr. Takamine specifically for assisting with the underwriting work required for the OCR dba Small Kine Farm loan. Mr. Takamine acknowledged the thanks and exited the meeting.

Announcements

Legislative Update & CBED Loan Portfolio Update:

Mr. Ushijima informed Council that he received an email from the Office of Information Practices (OIP) regarding the next two (2) items on the meeting agenda.

He said that OPI determined that the two (2) items, i.e., Legislative Update and CBED Loan Portfolio Update listed under “Announcements” on the agenda of 4/21/26, were too vague, therefore not compliant with sunshine law requirements. Mr. Ushijima advised that OIP recommended that the items be tabled and added to a future agenda when more specific detail could be provided. Mr. Ushijima then noted that the agenda descriptions must provide sufficient details so the public can understand what will be discussed and decide whether to attend.

Mr. Ushijima accepted responsibility for the oversight and for the lack of clarity. Council agreed without objection to table both items and revisit them at the next scheduled meeting.

NEXT MEETING:

Tuesday, May 19, 2026, at 10:00 a.m.

Mr. Ushijima confirmed that the CBED Council meetings occur on the **third Tuesday** of each month.

ADJOURNMENT:

The meeting ended at 10:31 a.m., with a motion to adjourn made by Ms. Michelle Agbigay and seconded by Ms. Teena Rasmussen.

There were no objections and the motion was approved unanimously.

Respectfully submitted,



Jason S. Ushijima
Branch Chief, BSB BDS

4/24/2026

Date

New Business

i. Recommendation/Approval of a CBED Loan of \$125,000 to Pheonix Carbon. LLC, established in 2019 by Michael Lurvey and located at the Kunia Village Agribusiness Complex owned by Hawaii Agriculture Research Center (HARC). Michael, a UH, Manoa graduate, has developed a patented, environmentally friendly technology that turns green organic waste (bamboo grown at their Kunia site and macadamia nut shells imported from Hawaii island) into a quality carbon product called “biochar”. The biochar is processed into an additive used by farmers to enrich soil. Phoenix Carbon provides this soil additive to farmers across the state. The loan will be used for equipment and machinery needed to increase their output. This is a subsequent loan done in tandem with the Hawaii Department of Agriculture and Biosecurity (DAB) Loan Division who recently approved Pheonix Carbon. LLC for a \$50,000 loan. CBED loan terms: 10 years at 4%. Underwriting review by Wayne Takamine, Loan Officer, DAB.

**LOAN REQUEST
& PURPOSE:**

This equipment loan request will provide the borrower with funds to purchase a new Green Waste Dry Briquette system that consists of a Briquette Pellet Mill, De-Watering press and shipping.

PURPOSE:

\$118,690	USA Pellet Mill MKBC02 Briquette
	Reinartz MST45 De-Watering Screw Press
\$11,700	MKBC02 shipping: Florida to Oakland Port
\$3,100	MST45 shipping: Long Beach to Honolulu
<u>\$133,390</u>	Subtotal
<u>\$8,390</u>	Down Payment
\$125,000	Total Loan Amount

Amount: \$125,000
Interest: 4.0%
Term: 10-years
Repayment: Monthly principal and interest payments of \$1,266 will be required till maturity.

SECURITY:

The loans will be secured by the following described below:

- A first position blanket security interest in crops, accounts receivable, inventory and all farm equipment.
- A first position security Interest on equipment financed by this request including:
 - USA Pellet Mill MKBC02 Briquette
 - Reinartz MST45 De-Watering Screw Press

LOAN TO VALUE:

$$\frac{\$125,000}{\$1,800,401 \text{ (conservatively 50\% of Phoenix Carbon Non-Current Assets)}} = \text{LTV: 6.94\%}$$

The Loan to Value ratio of 6.94% will support this loan request.

GUARANTORS:

Michael J. Lurvey, sole member, manager of Phoenix Carbon LLC.

**FINANCIAL
CONDITION:**

SEE EXHIBIT A (CONFIDENTIAL)

**REPAYMENT
ABILITY:**

SEE EXHIBIT A (CONFIDENTIAL)

INSURANCE:

Borrower shall maintain existing commercial liability insurance with the State of Hawaii, Department of Agriculture and Biosecurity, with the Agricultural Loan Division as certificate holder.

**BACKGROUND/
MANAGEMENT
ABILITY:**

The Briquette system includes the MKBC02 Briquette Pellet Mill and Reinartz MST45 De-Watering Press that complements Phoenix Carbon's active carbon and biochar production by de-watering organic green waste moisture from 40-60% to 10-20% and recycling the wastewater for irrigation reuse. The system can process 10-15 tons/day of organic green waste from yard trimmings, leaves, grass clippings and branches into de-watered biomass that is compressed into dense cylindrical briquettes using heat and pressure. The briquettes are then loaded into the pyrolysis/flash-carbonization system that uses heat of 500-700 Celsius in an oxygen-limited environment to convert the green waste into carbon biochar and active carbon..

The Briquette system and conveyor systems will be shipped to Honolulu and transported to the Phoenix Carbon warehouse in the Kunia Village Agribusiness Complex for installation in a 2,000 sq ft covered area. Electrical connections, calibration and test runs are expected to take 2-weeks. The facility is located within the Leeward-Pearl City-Ewa-Central Oahu Enterprise Zone.

Co-borrowers Michael Lurvey and Phoenix Carbon LLC (PC) have been farming bamboo and sugar cane part-time on their 3-acre farm in Wailua as feedstock to produce premium quality biochar. Biochar is a carbon-rich product used as a tool to enhance soil fertility. It is derived from a process called pyrolysis that uses a reactor operating at ~600°C to thermally decompose feedstock in a low oxygen chamber to create high-grade biochar of 70% to 95% carbon. Phoenix Carbon primarily uses in-house farmed bamboo and macadamia nut shells as feedstock for its premium biochar.

Current Operations: Phoenix Carbon's production process for biochar is as follows:

1. Feedstock Collection: HARC provided PC with land to farm bamboo feedstock for biochar and active carbon processing. Other biomass stock includes macadamia nut shells that is shipped from Hawaii island.
2. Pyrolysis and Char Production: The biomass feedstock is fed into Pyrolysis unit by using the truck mounted carry-deck boom crane and heavy forklift. The Pyrolysis unit operates at ~600°C in low oxygen, decomposing the biomass into biochar and syngas. The Pyrolysis unit is EPA, NSF and ANSI 61 certified for emissions and drinking water purification.
3. Post-processing: The raw biochar is then screened to remove fines and achieve desired particle size. Some of the fines (very fine char dust) are bagged for possible use in compost or sold as a filler, while the main fraction is either bagged or stored bulk. Quality tests are done on each batch. Inventory is stored in a dry storage area to avoid moisture uptake.
4. Shipping/Delivery: Orders will be available for pickup or delivered directly using company trucks or shipping pallets via inter-island providers.

SUMMARY:

Michael Lurvey is a part-time farmer, and consultant in waste-to-resource technologies that focuses on local agricultural sustainability. PC's state-of-the-art Pyrolysis carbon processing unit that meets EPA's NSF and ANSI 61 emissions and drinking water purification standards.

Funds from this request will be used to repair and acquire equipment for high-grade carbon production and relocation of the company's office headquarters, farming areas, distribution hub, and processing components at the Kunia Village Agribusiness Complex.

TURNDOWNS:

American Savings Bank denial letter dated 9/25/2025 for a \$50,000 unsecured application.

RECOMMENDATIONS:

CBED staff recommends approval for this equipment loan request to purchase a briquette system including a briquette pellet mill and de-watering press to process green waste into high grade carbon products. Michael J. Lurvey, member manager of Phoenix Carbon LLC, has been engineering green waste recycling systems to process biochar and high-grade active carbon products used for soil inputs and water purification.

Mr. Lurvey designed and built Phoenix Carbon's high-grade carbon Pyrolysis unit uses a state-of-the-art design that is NSF and ANSI 61 certified by the EPA for emission and safe for drinking water purification. The co-borrowers expertise in carbon production, and financial management skills is sufficient to satisfy this equipment loan request.

