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DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM (DBEDT)

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

TUESDAY, MAY 19, 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)
Will Smith	-	Advisory Council Member (Kauai)
Roberta Melton	-	Advisory Council Member (Kauai)
Kaiana Niezman	-	Advisory Council Member (Hawaii)
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
Cheyenne Lurvey	-	Phoenix Carbon LLC, Representative
Michae Lurvey	-	Phoenix Carbon LLC, Owner

Staff:

Nicholas Kido	-	Attorney General's Office
Ram Arna Braza	-	DBEDT
Selma Malcolm	-	DBEDT

Apologies:

Colleen McAluney	-	Advisory Council Member (Oahu)
Karen Barr	-	Advisory Council Member (Oahu)
Teena Rasmussen	-	Advisory Council Member (Maui)
Lesley Harvey	-	Department of Agriculture & Biosecurity (DAB, Ex-Officio)

<u>CALL TO ORDER</u>:

Mr. Ushijima called the meeting to order on Tuesday, May 19, 2026, at approximately 10:19 a.m. All members participated via Microsoft Teams, with Mr. Niezman joining by telephone. A roll call was conducted and all members confirmed they were alone in their respective locations.

Mr. Ushijima welcomed Council members and welcomed guests Wayne Takamine (DAB Loan Division), Cheyenne Lurvey and Michael Lurvey (Phoenix Carbon LLC), and DBEDT staff Ram Braza and Selma Malcolm. Nicholas Kido of the Attorney General's Office was also present..

<u>OLD BUSINESS</u>:

<u>Approval of Minutes of April 21, 2026</u>:

Minutes of the April 21, 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. Agbigay to approve the Minutes of the April 21, 2026 Meeting, as presented.

Mr. Ushijima asked if there were any objections and there were none. The motion to adopt the April 21, 2026 Minutes was approved unanimously.

<u>Public Testimony:</u>

There was no public testimony.

<u>NEW BUSINESS</u>:

1. **<u>Approval of CBED Loan of $125,000 to Phoenix Carbon, LLC:</u>**

   Mr. Ushijima introduced the loan request for Phoenix Carbon LLC, noting that the company is located within an enterprise zone at the Kunia Agribusiness Village, and that its work spans both agriculture and manufacturing, both business activities that the CBED program supports. Mr. Ushijima introduced Mr. Wayne Takamine of DAB to present the loan.

   Mr. Takamine provided the following overview of Phoenix Carbon, LLC:

   - Phoenix Carbon, LLC was established on May 16, 2019 as a Hawaii Limited Liability Company registered with the DCCA. Michael Lurvey is the owner and founder.

- The company farms bamboo and sugarcane to produce high-quality carbon products using a proprietary system developed by Mr. Lurvey, a University of Hawaii graduate. The system was awarded patents in 2012 and has received multiple international and academic awards, most recently in 2019.
- The pyrolysis process converts green waste feedstock — including bamboo, macadamia nut shells, and coconut shells — at temperatures of 500–700 degrees Celsius in an oxygen-limited environment, producing biochar, activated carbon, and green diesel fuel. The system operates as a closed loop with no atmospheric emissions and sequesters approximately 50 carbon credit equivalents per ton of green waste processed.
- Phoenix Carbon currently leases warehouse space at the Kunia Agribusiness Village (Kunia) and farms bamboo in Wailua. Mr. Lurvey and his team have prior experience in remediation projects and have been producing biochar in their current facility.
- In addition to biochar and activated carbon sales, Mr. Lurvey provides consulting services, which constitute a portion of the company's income. The company recently completed one month of cooking operations, generating approximately $12,000 in revenue from the sale of approximately 5,000 pounds of biochar.

Mr. Takamine presented the following loan details and terms:

- Mr. Takamine noted that DAB has previously issued a loan to Phoenix Carbon to support startup operations and equipment acquisition. The current request is intended to remove a key production bottleneck and enable the company to move from limited output to full-scale runs, anticipated by mid-summer 2026.
- Phoenix Carbon is seeking a $125,000, CBED loan terms: 10 years at 4%., for the purchase of a green waste dry briquette system, consisting of a briquette pellet mill (MKB602) and a Rinesard MTS45 dewatering screw press. Costs include estimated shipping costs of approximately $11,700 from the mainland. Total equipment and shipping cost is estimated at $133,390. Phoenix Carbon will contribute a down payment of $8,390.
- The briquette system will expand the range of feedstocks the company can process, allowing green waste including macadamia nut shells, bamboo, wood clippings, and other organic materials to be compressed into puck-sized pellets prior to pyrolysis. This will significantly increase production capacity and efficiency.
- Collateral: First position blanket security interest in crops, accounts receivable, inventory, and equipment; and first position security interest in the specific equipment financed by this loan.

Cheyenne and Michael Lurvey provided additional background on Phoenix Carbon, biochar and its uses and the company's capabilities:

- Phoenix primarily makes biochar to be used as a soil amendment. Biochar increases plant production by up to 200%, as demonstrated through research at UH's College of Tropical Agriculture. Current customers include local farmers and orchid growers.
- They also process the biochar into activated carbon. This is used for water filtration and local demand for activated carbon exists among water utilities, Pepsi, Coca-Cola, and other industrial users. Currently, activated carbon on island is shipped from the mainland for recharging — a process that is cost-prohibitive due to freight costs. Phoenix Carbon's ability to recharge activated carbon locally represents a significant cost-saving opportunity for the state. Activated carbon can be used to clean contaminated soil by pulling contaminants into the carbon matrix. This was done after the recent flooding in Waimanalo.

Ms. Melton asked about the company's sales history and current business volume. Mr. Lurvey confirmed that Phoenix Carbon had previously been in a development phase and that recent active production generated approximately $12,000 in revenue from one month of cooking. The company has been transitioning from renting equipment to purchasing it to reduce operating costs and increase output. Ms. Melton noted a preference for more business-focused financial context — including historical revenues and forward projections — to support the committee's understanding of repayment capacity.

Ms. Agbigay asked about the disposal or utilization of syngas produced by the pyrolysis process. Mr. Lurvey explained that the system captures syngas and converts it to green diesel, propane, and butane. Non-condensable gases are oxidized and catalyzed to produce calcium carbonate. The system operates as a fully closed loop with no stack exhaust, a design verified by third-party testing. Ms. Agbigay noted that she had reviewed similar processes during her time at UH Hilo, and highlighted that transportation and staffing costs were key variables in the business model's viability.

Ms. Askew expressed appreciation for the circular economic model and the value-added waste diversion aspects of the project. She asked for clarification on what the company is currently farming and producing. Mr. Lurvey confirmed that the company is currently farming bamboo in Wailua, with the Kunia warehouse being prepared to house the "briquetter" and additional equipment. Ms. Askew also asked about the macadamia nut shell supply chain and whether partnerships with Oahu-based growers had been explored. Mr. Lurvey noted that Oahu macadamia nut supply is limited, but that the company is in dialogue with a Waialua mac nut grower and is exploring coconut shells as a complementary input. Ms. Askew also raised the need for formal financial projections and an operating plan to be provided ahead of future votes, noting that without it she was voting with reservations.

Mr. Niezman concurred with Ms. Melton and Ms. Askew's comments, noting that basic financial information — including outside income sources and debt service context — would assist the committee in assessing repayment capacity, particularly given the monthly payment obligation of approximately $1,266.

Mr. Takamine confirmed that Phoenix Carbon provided a pro forma financial statement as part of the loan package. He explained that the company's business plan is phased: Phase 1 focuses on biochar production (ready-to-market immediately); Phase 2 expands into activated carbon for water filtration; Phase 3 integrates all operations with projected significant financial returns. He acknowledged that marketing and revenue planning are still being refined.

Mr. Ushijima noted that all loan materials, including write-ups, are subject to public disclosure. So to protect applicants, DAB and other presenting loan officers redact sensitive financial details from materials released to the public.

Ms. Melton raised the question of whether presenters should step out of the meeting during deliberations. However, Mr. Kido clarified that votes must take place in open session and that an executive session would be required to exclude presenters. He noted that presenters typically remain present during voting.

Mr. Smith made a motion to recommend approval the CBED loan of $125,000 to Phoenix Carbon LLC. Ms. Melton seconded the motion. A roll call vote was conducted by Ms. Malcolm. With motion carried with five ayes and one aye with reservation from Ms. Askew.

Mr. Ushijima thanked Mr. Takamine, Mr. Lurvey, and Cheyenne Lurvey for their presentation and participation.

Announcements

Legislative Update — SB 2921

Mr. Ushijima informed the Council that SB 2921, a bill passed in the most recent legislative session, had originally proposed reclaiming numerous state special funds, including the CBED Revolving Loan Fund. At the last minute, the CBED fund was removed from the bill and the bill had passed and then transmitted to the Governor's office. He noted that if signed, it would have no impact on the CBED program. Mr. Ushijima thanked Council members who submitted testimony in support of maintaining the fund.

CBED Loan Portfolio Update

Mr. Ushijima provided a loan portfolio update, noting that the CBED portfolio currently consists of 18 companies. He continued that within the last four months, two borrowers have paid off their loans ahead of schedule: Samurai Inc., paid off their second loan approximately six months early and Holo Holo Tree Service paid off their loan at the start of 2026. Mr. Ushijima congratulated both companies. He additionally noted that Lubrco, who had ceased operations before paying back their loan in full, continues to be a challenge for our loan servicing partner, the Pakini Loan Fund. They have tried over the past month to get in touch with the owner and have not been successful. The Hawaiian Council, who brough CBED this loan and has a similarly structured loan in tandem with Lubrco, has expressed the same challenge. Mr. Ushijima indicated the situation is ongoing and will keep the Council updated.

Mr. Ushijima stated that July will make one year since the previous CBED program manager had retired and announced to the attendees that in the next meeting, there would be an opportunity to elect a new Chairperson.

Ms. Askew asked a follow-up question as to whether loan applicants are required to provide financial information or a formal presentation to the committee prior to a vote. She expressed the need for such information when reviewing a loan request. She noted that without sufficient financial insight to assess whether the borrower has the capacity to repay it was difficult to cast a vote.

Mr. Ushijima acknowledged the concern and explained that each loan undergoes an in-depth underwriting review by the presenting loan officer prior to coming before the committee. He noted that because all meeting materials and proceedings are subject to public disclosure under Hawaii's Sunshine Law. As such sensitive financial data is removed and redacted from the meeting material packets. He further explained that the level of financial detail provided in presentations varies by presenting agency: Feed the Hunger Fund, for example, provides more financial information in redacted form, compared to the Department of Agriculture and Biosecurity. Mr. Ushijima assured the committee that the presenting loan officers — in this case Mr. Takamine — independently underwrites each loan and reviews the company’s financial materials before submission. He also committed to work with DAB and other presenting loan officers to determine what basic financial information could be made available to the committee going forward.

Ms. Melton concurred, noting that the committee needs to understand the business fundamentals of each applicant and not just the technical aspects of their operations.

She observed that when she asked Phoenix Carbon about their sales, the response was given in “pounds” rather than dollars, which does not provide meaningful business context. She noted that Feed the Hunger Fund presentations tend to be more informative in this regard, and suggested that even verbal disclosure of basic historical financials, without requiring written publication, would substantially improve the committee's ability to make informed decisions. Ms. Melton also raised the question of whether applicants could step away after their presentation to allow the committee to deliberate more freely.

Mr. Kido clarified that under the Sunshine Law, all votes must occur in open session. Excluding presenters from the room requires entry into executive session, which is only permissible under specific exceptions, none of which appeared applicable in this instance. He noted that open voting in the presence of all attendees is standard practice across the boards and commissions he advises.

Ms. Agbigay asked whether CBED loans can be secured by equipment purchased with loan proceeds. Mr. Ushijima confirmed that for Phoenix Carbon, a listing of farm-related equipment including tractors, trailers, storage materials and the machines that were intended to be purchased would be used as collateral. He noted that collateral details had been included in the confidential portion of the loan write-up, but committed to working with DAB to make that information available to the committee in redacted form going forward to allow members to review the collateral without overexposure of the company’s financials.

Mr. Niezman echoed the comments of his fellow members, noting that the volume of financial questions asked during the Phoenix Carbon presentation, particularly around outside income and debt service capacity, reflected a need for basic financial context ahead of each vote. He suggested that a standardized process or documentation template be developed to ensure that at minimum, presenting loan officers provide the committee with a verbal or written summary of the applicant's financial position, revenue history, and repayment sources.

Mr. Ushijima thanked all members for their feedback and acknowledged the points raised as well-taken. He committed to developing a more structured loan presentation format in coordination with presenting loan officers, with emphasis on ensuring that the committee receives sufficient financial context to vote with confidence while respecting applicant confidentiality.

NEXT MEETING:

Tuesday, June 16, 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 approximately 11:15 a.m., with a motion to adjourn made by Ms. Askew and seconded by Ms. Melton.

There were no objections and the motion was approved unanimously.

Respectfully submitted,

Jason S. Ushijima Branch Chief, BSB BDSD	6/1/2026 Date