

Revised

House District 18  
Senate District 9

**THE TWENTY-SEVENTH LEGISLATURE  
APPLICATION FOR GRANTS AND SUBSIDIES  
CHAPTER 42F, HAWAII REVISED STATUTES**

Log No: \_\_\_\_\_

For Legislature's Use Only

Type of Grant or Subsidy Request:

- GRANT REQUEST – OPERATING
- GRANT REQUEST – CAPITAL
- SUBSIDY REQUEST

"Grant" means an award of state funds by the legislature, by an appropriation to a specified recipient, to support the activities of the recipient and permit the community to benefit from those activities.

"Subsidy" means an award of state funds by the legislature, by an appropriation to a recipient specified in the appropriation, to reduce the costs incurred by the organization or individual in providing a service available to some or all members of the public.

"Recipient" means any organization or person receiving a grant or subsidy.

STATE DEPARTMENT OR AGENCY RELATED TO THIS REQUEST (LEAVE BLANK IF UNKNOWN): \_\_\_\_\_

STATE PROGRAM I.D. NO. (LEAVE BLANK IF UNKNOWN): \_\_\_\_\_

**1. APPLICANT INFORMATION:**

Legal Name of Requesting Organization or Individual: Kūlia Foundation

Dbas: \_\_\_\_\_

Street Address: 4348 Waiālae Blvd. #369, Honolulu, HI 96816

Mailing Address: \_\_\_\_\_

**2. CONTACT PERSON FOR MATTERS INVOLVING THIS APPLICATION:**

Name KEPANO KEKUEWA

Title Director

Phone # 808-221-4967

Fax # n/a

e-mail kepano@kuliafoundation.org

**3. TYPE OF BUSINESS ENTITY:**

- NON PROFIT CORPORATION
- FOR PROFIT CORPORATION
- LIMITED LIABILITY COMPANY
- SOLE PROPRIETORSHIP/INDIVIDUAL

**6. DESCRIPTIVE TITLE OF APPLICANT'S REQUEST:**

**CAPITAL FUNDING FOR THE ESTABLISHMENT OF THE HAWAII FOOD INNOVATION CENTER**

4. FEDERAL TAX ID #: \_\_\_\_\_

5. STATE TAX ID #: \_\_\_\_\_

**7. AMOUNT OF STATE FUNDS REQUESTED:**

FISCAL YEAR 2015: \$2,500,000

**8. STATUS OF SERVICE DESCRIBED IN THIS REQUEST:**

- NEW SERVICE (PRESENTLY DOES NOT EXIST)
- EXISTING SERVICE (PRESENTLY IN OPERATION)

SPECIFY THE AMOUNT BY SOURCES OF FUNDS AVAILABLE AT THE TIME OF THIS REQUEST:

STATE \$ 0

FEDERAL \$ 0

COUNTY \$ 0

PRIVATE/OTHER \$ 0

TY \_\_\_\_\_ REPRESENTATIVE:

\_\_\_\_\_  
AUTHORIZED SIGNATURE

KEPANO KEKUEWA, DIRECTOR  
NAME & TITLE

2/21/14  
DATE SIGNED

## 1.0 Background and Summary

### 1.1 A brief description of the applicant's background;

The Kūlia Foundation is a non-profit organization structured to develop and implement strategic programs relating to food security and economic development. The Foundation consists of seasoned business, agriculture, policy and technology experts committed to improving the prosperity of Hawaii's people while protecting her beauty and natural resources for generations to come.

### 1.2 The goals and objectives related to the request;

The objective of our GIA request is to develop a Hawaii Food Innovation Center (HFIC), equipped with state-of-the-art food packaging and preservation systems that would serve growers and producers state-wide. The proposed HFIC would offer food entrepreneurs a safe and cost-effective facility to accelerate product development and go-to-market strategies with food safety workflows built into early stage prototyping.

Core to the HFIC is a high-tech food preservation system called High Pressure Process, or HPP. HPP uses high pressure as an alternative to heat (i.e. pasteurization) to eliminate food borne pathogens while preserving the natural texture and taste of foods. HPP enhances the shelf-life of existing products while also creating new market opportunities for innovative food products.

HPP technology does not yet exist in Hawaii, and it is cost prohibitive for all but the largest companies. Growers and producers wishing to explore HPP are forced to take product to mainland facilities. A community-based HPP facility serving all interested growers and producers state-wide will improve the state's agricultural competitiveness and food security profile. As seen in high-tech parks and business incubators, the proposed HFIC brings otherwise inaccessible technology to food entrepreneurs large and small.

The HFIC will also host educational programming on food safety, manufacturing and business topics for the food processing community.

### 1.3 The public purpose and need to be served;

Our GIA project will address a number critical public needs:

1) Food Security - Improving local food production capabilities reduces the state's reliance on imported foods. This facility can significantly increase the shelf-life of existing products and would allow manufacturers to develop novel local products that would not otherwise be possible in Hawaii. For example, HPP can be used in the development of shelf-stable taro and breadfruit products, ideal for disaster preparedness and response. Increased shelf-life of local produce smooths out the impact of market fluctuations for otherwise fast spoiling foods, leading to more market opportunities, reducing the risks of growing valuable, perishable crops locally. Lower risk encourages greater productivity for our farmers.

2) Food Safety - The Hawaii Food Innovation Center will assist local food manufacturers in developing safe processing and packaging methods to reduce the potential for food-borne

illness. In addition to keeping local consumers safe, the HFIC will contribute to Hawaii's reputation for high quality standards, improving competitiveness of local products here and abroad. Access to modern processing and packaging techniques will allow manufacturers to accelerate from product development, to prototyping and small-scale production with the highest quality and food safety standards built in.

3) Economic Development - By accelerating product development and enhancing food quality, the Hawaii Food Innovation Center will help businesses reach profitability more quickly, strengthening the agricultural sector, creating new employment opportunities statewide and increasing the State's revenue base. Farmers and food manufacturers will more readily pursue higher valued products, increasing revenue per acre farmed.

As a nexus for food start-up activities, the HFIC will increase Hawaii's profile for venture capital and other external investments, further expanding opportunities for job and revenue growth in Hawaii.

HPP can be leveraged in the development and production of pharmaceutical and cosmetic products, creating additional opportunities for high-wage job growth, revenue generation and inflows of investment from other sectors.

4) Health and Welfare - HPP extends the shelf life of many different foods and is especially targeted at producers seeking alternatives to chemical preservatives. Improvements to food processing and preservation techniques will increase overall local food production and lower the cost of food. Affordable access to higher quality, fresh, local foods will directly impact the health of Hawaii's residents. Culturally significant staples such as taro and breadfruit have been shown to offer dietary benefits for people suffering from ailments such as diabetes. HPP can make such foods more readily available, especially important for vulnerable and at-risk communities that may otherwise rely on inexpensive, highly refined foods.

5) Job Creation - The HFIC will create highly skilled employment opportunities in food science, manufacturing, technology, business, marketing distribution and transportation. By providing a platform for food development, small business growth will accelerate, driving additional job growth statewide. Increased profitability for farmers will increase demand for farm labor and related occupations.

6) Environment - HPP improves the marketability of high-value food crops, allowing growers to pursue niche markets, increasing the bio-diversity on farms. The extended shelf-life of fresh produce will further drive demand for sustainable farming methods, free of harmful pesticides and herbicides. By allowing growers to convert a greater percentage of their crops to salable finished goods, HPP improves waste-stream diversion. What producers may throw out today could be developed into marketable value-added products with HPP.

Reduced demand for imported food products lowers fuel consumption and improves Hawaii's overall carbon footprint, key to mitigating the impact of sea level rise, a primary concern for our largely coastal community.

Extended shelf-life reduces spoilage and waste which improves waste diversion at the consumer end of the product life cycle. Less food waste is accompanied by a reduction of packaging waste, much of which is non-compostable plastic.

1.4 Describe the target population to be served;

Funding of our GIA request will impact Hawaii residents state-wide. Growers in the fruit and produce, protein (cattle, poultry and seafood) and milk production will all benefit from the HPP process. In addition, manufacturers of vegetable purees, poi mills and baby food producers will can offer a more shelf stable product. Consumers and households all benefit from this investment. State revenues will increase with the growth of local production. Longer shelf life makes Hawaii exports more viable and competitive. Reduced demand for frozen and refrigerated products will reduce the load on our already stressed electric grid.

1.5 Describe the geographic coverage.

The proposed Hawaii Food Innovation Center will serve growers and producers state-wide. It shall be located in an area offering an optimal mix of rental rates, utilities rates, transportation accessibility, condition of structures/buildings and producer density.

2.0 Service Summary and Outcomes

2.1 Describe the scope of work, tasks and responsibilities;

The Kūlia Foundation will use the GIA award to build, manage and market the Hawaii Food Innovation Center. The Foundation will contract certain maintenance and operational functions to qualified vendors. The Foundation will partner with relevant organizations for delivery of education and training services. Operational profits generated by the facility will support the development of additional process stages complimentary to the HPP core (e.g. bottling and labeling) to distribute economies-of-scale benefits across the producer community.

2.2 Provide a projected annual timeline for accomplishing the results or outcomes of the service;

Q1FY15: Identify key technology vendors and negotiate terms. Secure location for HFIC.

Q2FY15: Retrofit buildings to HFIC specifications. Secure contracts with vendors.

Q3FY15: Install systems. HFIC "go live." Start initial client/user production runs on single shift.

Q4FY15: Ramp client/production runs to three shifts/day. Launch education & training programs

2.3 Describe its quality assurance and evaluation plans for the request. Specify how the applicant plans to monitor, evaluate, and improve their results;

Quality assurance and evaluation plans apply to multiple aspects of this project and will be implemented as appropriate. Independent financial audits will be conducted to ensure financial integrity and compliance with applicable accounting regulations. Applicable Global Food Safety Initiative (GFSI) certifications will be maintained.

2.4 List the measure(s) of effectiveness that will be reported to the State agency through which grant funds are appropriated (the expending agency).

The Foundation will monitor and report the following metrics to the appropriating State agency on a quarterly basis:

- 1) Number of individuals attending educational programs
- 2) Number of individuals/firms utilizing product development services/facilities
- 3) Number of unique products/packaging processed by facility
- 4) Point of origin for products developed or processed by facility
- 5) Amount of finished product processed (by weight or volume)

### 3.0 Financial

#### Budget

3.1 See enclosed spreadsheets for budget details

3.2 Quarterly funding request for 2015

Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total Grant
\$2.5M	0	0	0	\$2.5M

3.3 Additional sources of funding sought for FY15:

- 1) US Department of Agriculture
- 2) Economic Development Administration
- 3) Department of Labor
- 4) Agribusiness Development Corporation

3.4 Pertaining to state and federal tax credits:

The Kūlia Foundation is currently assessing applicable tax credits for the proposed initiative.

3.5 Balance of unrestricted assets as of December 31, 2013:

The current balance of unrestricted assets is \$0

### 4.0 Experience and Capability

#### 4.1 Necessary Skills and Experience

The Kūlia Foundation is currently comprised of an all-volunteer board of directors with experience in farm operations, public policy development, venture capital management, technology, marketing and sales. Below is a list of the board, including relevant work experience:

**Kepano Kekuewa** - Kepano owns and operates Kūlia LLC, a technology consulting firm developing solutions for education, government and business clients. Kepano led teams driving technology initiatives for some of the world's largest commercial and government organizations during his time at technology innovators Sun Microsystems, Oracle and Apple. BA - Communications, UH Mānoa; MBA, George Washington University.

**Kristia Kekuewa** - Kristina supported the late US Senator Daniel K. Inouye as a Legislative Assistant in his Washington, DC office. Her focus on Capitol Hill included commerce, energy, agriculture, and conservation issues on behalf of the people of Hawai'i. Returning to Hawai'i, Kristina continues this legacy with over a decade in the field of conservation, leading a multi million dollar program dedicated to empowering communities and building a sustainable future. BA - Communications, UH Mānoa; MA - Communications, George Washington University; JD - Catholic University. Kristina is a member of the Hawai'i Bar.

**Kanekoa Kukea-Shultz** - "Koa" is a taro farmer, marine biologist and conservationist facilitating community capacity projects for the last 14 years. As Executive Director of Kāko'o 'Ōiwi, Koa continues his mission of sustainable agriculture and aquaculture for environmental benefits. Raised on O'ahu, Koa has worked in state and private sectors for building capacity within Hawai'i. BS- Biology, Occidental College; MS, Botany (Limu) University of Hawaii Manoa

**Mawae Morton** - Mawae brings to the team a diverse background in strategic resource/asset management, policy and negotiations, and venture investments. He currently consults on areas including renewable energy, environmental planning and agribusiness. Mawae is a board member of Ma'o Organic Farms and developed Kamehameha Schools' First Nations' Futures Program where he currently serves as a Director. As a manager in the Kamehameha Schools' (KS) Endowment Group, he directed strategic initiatives such as new agribusiness opportunities, Land Asset Planning and the Strategic Agricultural Plan. While at KS, he also established Hawaii BioEnergy to pursue renewable energy solutions in Hawaii. Mawae formerly worked at KPMG Consulting/Bearing Point as an international management consultant, working on strategy, governance and eCommerce projects across the Asia Pacific region. He started his career as a Senior Policy Analyst and Negotiator for the New Zealand government and is currently New Zealand's Honorary Consul for Hawaii. Massey University: Bachelor of Agriculture, Production Management; Victoria University of Wellington, Master of Public Policy; Stanford University, First Nations' Institute, Leadership Program.

**Jean Tanimoto** - Jean Tanimoto has served as a Coastal Management Specialist for the past eight years, developing sustainable coastal communities through products and services related to hazards data and mitigation tools, education and training. Jean served as the Assistant Director of Education and Training for NAFSA: Association of International Educators and as a Staff Assistant to the late US Congresswoman, Patsy T. Mink. BA - Bucknell University; IMBA - University of Denver, Daniels College of Business.

**Jan Yoshioka** - Jan Yoshioka is the Chief Financial Officer for Kako'o 'Ōiwi, a community-centered, wetlands restoration initiative based in He'eia, Kāne'ohe. Kako'o 'Ōiwi manages a 405-acre property, developing kalo (taro) for commercial poi production as well as promoting educational and cultural programs focused on ecological restoration and sustainable agriculture. Jan has previously served as a Category Manager for Chevron and Asia-Pacific/Hawaii

Regional Contracts Manager for The Nature Conservancy. Linfield College; UH Mānoa; University of Massachusetts at Amherst, Isenberg School of Management

For the initial phase of the proposed project, the existing board of directors will manage the grant application process and extracurricular fund raising. Hiring of a professional management team will occur as facilities are acquired. Projected salaries are indicated in section 5.1 of this application.

#### 4.2 Facilities

We are currently in the discovery process, exploring options for the location of the Hawaii Food Innovation Center. Several sites have been identified, including the Whitmore Village Agricultural Development Park. This section shall be amended once site selection is made.

#### 5.0 Personnel: Project Organization and Staffing

##### 5.1 Proposed Staffing, Staff Qualifications, Supervision and Training

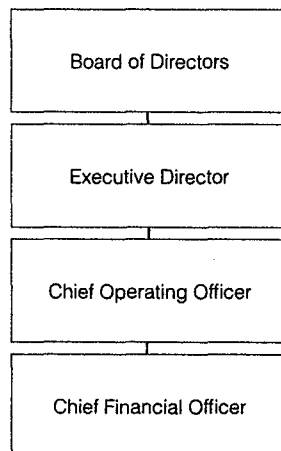
The Kūlia Foundation will manage the initial phases of this project through its volunteer board of directors as listed earlier. As production facilities come on line, the board will recruit a professional management team to perform day-to-day operations of the facility.

**Executive Director (TBH):** Provides general leadership of the HFIC. The ED advises the board and guides the overall strategic management of the center.

**Chief Financial Officer (TBH):** Provides financial management of the center, including financial planning, record-keeping and financial reporting. The CFO shall have relevant finance qualifications such as an MBA or CPA.

**Chief Operations Officer (TBH):** Provides day-to-day operational management of the center. The COO has have relevant operational experience in food manufacturing or related fields.

##### 5.2 Organization Chart



### 5.3 Compensation

The Kūlia Foundation is currently comprised of a non-salaried, volunteer board of directors. Projected slate of top three management positions funded through operational profits listed below:

Executive Director \$80,000  
Chief Financial Officer= \$75,000  
Chief Operating Officer=\$75,000

### 6.0 Other

#### 6.1 Litigation

There is no litigation pending.

#### 6.2 Licensure or Accreditation


The Kūlia Foundation is currently registered as a nonprofit company in the State of Hawaii. Applications for relevant food handling certifications will occur during the appropriate project phases (i.e. when facilities are built and ready for inspections and audits).



**BUDGET REQUEST BY SOURCE OF FUNDS**  
(Period: July 1, 2014 to June 30, 2015)

App

Kūlia Foundation

<b>BUDGET CATEGORIES</b>	<b>Total State Funds Requested (a)</b>	<b>USDA/EDA (b)</b>	<b>Operational Profits (c)</b>	<b>(d)</b>
<b>A. PERSONNEL COST</b>				
1. Salaries	0	0	230,000	
2. Payroll Taxes & Assessments	0	0	34,500	
3. Fringe Benefits	0	0	34,500	
<b>TOTAL PERSONNEL COST</b>	<b>0</b>	<b>0</b>	<b>299,000</b>	
<b>B. OTHER CURRENT EXPENSES</b>				
1. Airfare, Inter-Island	0	0	6,000	
2. Insurance	0	30,000		
3. Lease/Rental of Equipment	0	0		
4. Lease/Rental of Space	0	180,000		
5. Staff Training	0	25,000		
6. Supplies	0	10,000		
7. Telecommunication	0	6,000		
8. Utilities	0	180,000		
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
<b>TOTAL OTHER CURRENT EXPENSES</b>	<b>0</b>	<b>431,000</b>	<b>6,000</b>	
<b>C. EQUIPMENT PURCHASES</b>	<b>2,500,000</b>	<b>0</b>	<b>0</b>	
<b>D. MOTOR VEHICLE PURCHASES</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>E. CAPITAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>TOTAL (A+B+C+D+E)</b>	<b>2,500,000</b>	<b>431,000</b>	<b>305,000</b>	
<b>SOURCES OF FUNDING</b>		Budget Prepared By:		
(a) Total State Funds Requested	2,500,000	Kepano Kekuewa 808-221-4967		
(b) USDA/EDA Grants Requested	431,000	Name (Please type or print) Phone		
(c) Operation Profits	305,000	Signature of Authorized Official  1/3/14 Date		
(d)				
<b>TOTAL BUDGET</b>	<b>3,236,000</b>	Kepano Kekuewa, Director Name and Title (Please type or print)		

## BUDGET JUSTIFICATION PERSONNEL - SALARIES AND WAGES

Applicant:     Kūlia Foundation    

Period: July 1, 2014 to June 30, 2015

POSITION TITLE	FULL TIME EQUIVALENT	ANNUAL SALARY A	% OF TIME ALLOCATED TO GRANT REQUEST B	TOTAL STATE FUNDS REQUESTED (A x B)
Executive Director	1	\$80,000.00	0.00%	\$ -
Chief Operating Officer	1	\$75,000.00	0.00%	\$ -
Chief Financial Officer	1	\$75,000.00	0.00%	\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
<b>TOTAL:</b>				0.00

JUSTIFICATION/COMMENTS:

## BUDGET JUSTIFICATION - EQUIPMENT AND MOTOR VEHICLES

Applicant:     Kūlia Foundation    

Period: July 1, 2014 to June 30, 2015

DESCRIPTION EQUIPMENT	NO. OF ITEMS	COST PER ITEM	TOTAL COST	TOTAL BUDGETED
HPP 100L System	1.00	\$1,500,000.00	\$ 1,500,000.00	1500000
Refrigeration	1	\$150,000.00	\$ 150,000.00	150000
Bottling System	1	\$150,000.00	\$ 150,000.00	150000
			\$ -	
			\$ -	
<b>TOTAL:</b>	3		\$ 1,800,000.00	1,800,000

JUSTIFICATION/COMMENTS:

DESCRIPTION OF MOTOR VEHICLE	NO. OF VEHICLES	COST PER VEHICLE	TOTAL COST	TOTAL BUDGETED
			\$ -	
			\$ -	
			\$ -	
			\$ -	
			\$ -	
<b>TOTAL:</b>				

JUSTIFICATION/COMMENTS:

**BUDGET JUSTIFICATION  
CAPITAL PROJECT DETAILS**

Applicant:     Kūlia Foundation    

Period: July 1, 2014 to June 30, 2015

<b>FUNDING AMOUNT REQUESTED</b>						
<b>TOTAL PROJECT COST</b>	<b>ALL SOURCES OF FUNDS RECEIVED IN PRIOR YEARS</b>		<b>STATE FUNDS REQUESTED</b>	<b>OTHER SOURCES OF FUNDS REQUESTED</b>	<b>FUNDING REQUIRED IN SUCCEEDING YEARS</b>	
	<b>FY: 2012-2013</b>	<b>FY: 2013-2014</b>	<b>FY:2014-2015</b>	<b>FY:2014-2015</b>	<b>FY:2015-2016</b>	<b>FY:2016-2017</b>
PLANS	0	0	50000			
LAND ACQUISITION	0	0	150000			
DESIGN	0	0	50000			
CONSTRUCTION	0	0	450000			
EQUIPMENT	0	0	1800000			
<b>TOTAL:</b>			<b>2,500,000</b>			
<b>JUSTIFICATION/COMMENTS:</b>						

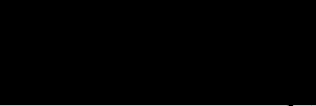
**DECLARATION STATEMENT OF  
APPLICANTS FOR GRANTS AND SUBSIDIES PURSUANT TO  
CHAPTER 42F, HAWAII REVISED STATUTES**

The undersigned authorized representative of the applicant certifies the following:

- 1) The applicant meets and will comply with all of the following standards for the award of grants and subsidies pursuant to Section 42F-103, Hawaii Revised Statutes:
  - a) Is licensed or accredited, in accordance with federal, state, or county statutes, rules, or ordinances, to conduct the activities or provide the services for which a grant or subsidy is awarded;
  - b) Complies with all applicable federal and state laws prohibiting discrimination against any person on the basis of race, color, national origin, religion, creed, sex, age, sexual orientation, or disability;
  - c) Agrees not to use state funds for entertainment or lobbying activities; and
  - d) Allows the state agency to which funds for the grant or subsidy were appropriated for expenditure, legislative committees and their staff, and the auditor full access to their records, reports, files, and other related documents and information for purposes of monitoring, measuring the effectiveness, and ensuring the proper expenditure of the grant or subsidy.
- 2) The applicant meets the following requirements pursuant to Section 42F-103, Hawaii Revised Statutes:
  - a) Is incorporated under the laws of the State; and
  - b) Has bylaws or policies that describe the manner in which the activities or services for which a grant or subsidy is awarded shall be conducted or provided.
- 3) If the applicant is a non-profit organization, it meets the following requirements pursuant to Section 42F-103, Hawaii Revised Statutes:
  - a) Is determined and designated to be a non-profit organization by the Internal Revenue Service; and
  - b) Has a governing board whose members have no material conflict of interest and serve without compensation.

Pursuant to Section 42F-103, Hawaii Revised Statutes, for grants or subsidies used for the acquisition of land, when the organization discontinues the activities or services on the land acquired for which the grant or subsidy was awarded and disposes of the land in fee simple or by lease, the organization shall negotiate with the expending agency for a lump sum or installment repayment to the State of the amount of the grant or subsidy used for the acquisition of the land.

Further, the undersigned authorized representative certifies that this statement is true and correct to the best of the applicant's knowledge.

KUUA FOUNDATION  
(Typed Name) (Organization)  
 \_\_\_\_\_  
1/31/14  
(Date)  
KEPANO KEKUEWA      DIRECTOR  
(Typed Name)      (Title)