

House District _____

Senate District _____

Waianae / Manoa

THE TWENTY-EIGHTH LEGISLATURE
APPLICATION FOR GRANTS
CHAPTER 42F, HAWAII REVISED STATUTES

Log No: _____

For Legislature's Use Only

Type of Grant Request:

GRANT REQUEST -- OPERATING

GRANT REQUEST -- CAPITAL

"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.

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

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: Permits Hawaii

Dba: Hawaii Sustainable Outreach Solutions LLC

Street Address: _____

Mailing Address: P.O. Box 15973
Honolulu HI 96830

2. CONTACT PERSON FOR MATTERS INVOLVING THIS APPLICATION:

Name: Lauren Davis - Hudson

Title: President

Phone #: 808 394-0848

Fax #: _____

E-mail: permits.hawaii@gmail.com

3. TYPE OF BUSINESS ENTITY:

- NON PROFIT CORPORATION INCORPORATED IN HAWAII
- FOR PROFIT CORPORATION INCORPORATED IN HAWAII
- LIMITED LIABILITY COMPANY
- OTHER
- SOLE PROPRIETORSHIP/INDIVIDUAL

Project and Grant will be administered under a new non-profit org. (501(c)3 in progress)

6. DESCRIPTIVE TITLE OF APPLICANT'S REQUEST:

HAWAII SUSTAINABLE OUTREACH SOLUTIONS. Project A Request for \$1.5 million to fund the Master Plan Phase B and Design and Construction of the Waianae Social Enterprise Facility.

4. FEDERAL TAX ID #: _____

5. STATE TAX ID #: _____

7. AMOUNT OF STATE FUNDS REQUESTED:

FISCAL YEAR 2016: \$ 1,500,000

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 \$ _____

FEDERAL \$ _____

COUNTY \$ _____

PRIVATE/OTHER \$ _____

AUTHORIZED SIGNATURE

LAUREN DAVIS-HUDSON EXEC. DIRECTOR 1/29/15

NAME & TITLE

DATE SIGNED



RECEIVED
1-30-15

✓

Application for State of Hawaii Grant

*** NOTE: *We are applying for an Operating Grant to operate the program services and a Capital Grant to build the Facility*

I. Background and Summary

1. A brief description of the applicant's background;

The concept behind *Sustainability Outreach Solutions* or "HI SOS" comes from a feasibility study addressing the need for more economic growth on the western side of Oahu. Back in 2008-2010, OHA awarded a *Fiscal Biennium Community Programmatic Grant* to fund this feasibility study, research, and analysis. Shared from the nonprofit *Hui O Aloha Aina*, the study describes a social enterprise facility in Waianae that houses a number of education, training, and employment programs and services that serve as a catalyst for Waianae's business development. This model exemplifies a paradigm shift in managing the geographic, social, and economic landscape in Waianae. Almost \$38,000 was awarded by OHA as a research grant toward the research and planning of the study, and the grant was fulfilled successfully.

The proposed components of the operations in the study, include such training programs and facilities centered around a community kitchen and business incubator. However, now in Phase 2, there are additional elements to the education, training, and employment programs that will be adding value to the paradigm. This facility will be staffed with professionals, teachers, and educators who have real world experience in various industries. Some specifics will be focused on marketing the program and services to women, children, families, business owners, and homeless.

Our company values reveal our female run and socially responsible enterprise: *SHE ALII'*:

- *Service*
- *Hard work*
- *Enduring*
- *Activate*
- *Leverage*
- *Incentive*
- *Inspire*

2. The goals and objectives related to the request;

Our team, partners, partnerships, and supporters follow our overarching strategic goals of:

- Integrity – to follow up with administrative and business management with honesty, attention to detail, and conservatism
- Communication – to communicate with others in a healthy, supportive, and encouraging way to achieve corporate goals
- Cultural Sensitivity – to employ a cultural specialist in Hawaii language, cultural practices, and understandings so as to better serve our population
- Collaborate – to strengthen, expand, grow and create markets for the value added products produced at the center for the betterment of the community
- Responsibility – to create the vision we promise and incorporate our stakeholders' voices

The feasibility study created in 2007 will help us achieve these overarching goals by fulfilling the vision through design, planning, construction, and program development. We envision a sustainable and financially effective way to incorporate the community in the co-production of the services for the overall betterment of the area. The facility and programs will be tailored and customized to each individual with room for flexibility. This flexibility and care results in an open form of communication on how to best serve this population. Again, understanding the population in Waianae, the historical landscape, the cultural nuances, and the interdependence to other parts of Oahu is imperative to our strategic operations.

In 2007, the feasibility study reveals both construction plans and operational plans for the facility's development. The themes driving our vision for the Waianae social enterprise are:

- Relationship Building: to connect and contact 80% of the population and securing commitment from 10% to join our weekly program
- Build: to plan, design, evaluate, and construct a facility to be utilized as a central services center
- Results: to create value added experiences that can be utilized in Oahu's service sector
- Collaborate: to send staff to trainings at other successful operations like Delaney Street Foundation, Homeboy Industries, NELHA, and the Four Season Hualalai.
- Convey: to support the State of Hawaii's strategic goals (HTDC) in spurring business development, tech startups, and forward-thinking sustainable communities

In addition, utilizing integrity and honesty in planning, operations, and maintenance of the program and facility will ensure the state dollars have optimum results. By fulfilling our civic duty to the land,

the people, and the history, our core proposition to the Waianae community can be utilized as a model for other challenges around the world.

Our vision to serve the women, children, families, business owners, and homeless in the Waianae area will be fulfilled through our creation of the facility and program. To provide education, training, and employment opportunities, the facility will have rooms, resources, and staff on hand to assist the populace. To meet Waianae's needs, the facility will include a room and training curriculum:

- Engineering/Construction Classroom. This area will be designated for engineering and construction professionals and volunteers to reveal training, education, and share knowledge in this industry.
- Furniture Bank. This will be an area of recycled items that can be reupholstered through education and instruction.
- Carpentry Cabinet Shop. This will be a covered area for carpentry and crafting arts through instruction and low cost materials. This will also include classes on painting.
- Import/Export Boutique. This will be a room designated for education on import and export laws and operations for Hawaii. We will focus on dry goods as a case study.
- Restaurant and Bakery School. This is a certified kitchen to use for education, training, and future employment needs in the culinary sector.
- Bottling Room. This will be an adjacent room to the restaurant that will include the task of bottling and jarring foods for preservation.
- Aquaponics Installation. This will also be adjacent to the Restaurant and Bakery School so as to allow fresh fruit, vegetables, and seafood to be incorporated in the restaurant school classes.
- Business Incubator office. This room will be utilized as a community office for teaching business administration to the more advanced levels of the population.

Our aim is to educate the public in a sustainable, culturally sensitive, and proactive way. Therefore, by creating separate rooms in the facility, hands on learning will result. Eventually, this social enterprise will start generating revenue from the start ups and value added products that are created within it.



Example of Facility that will be basis for design and construction firm.

As shown above, our facility incorporates sustainable features, traditional Hawaiian characteristics, and plans for economic self-sufficiency. We would only be building 1 facility with multiple rooms. As the feasibility shows, there are economic benefits for mass production, but for the purpose of this project we are only constructing 1 facility. By utilizing design and consulting expertise from engineering professionals, this building construction will give Waianae a low cost, productive, and effective resource for the Waianae business community. Not only would this facility and program fulfill economic needs of the area, it would also promote historical, cultural, and sustainable activities. Combining the construction of the facility with the program services implementation, we will be able to serve a highly impacted community.

3. The public purpose and need to be served;

The Hawaii Sustainable Outreach Solutions facility and program would be located on 400 acres parcel land in Waianae's community for the benefit of individuals, small business owners, and entrepreneurs. The long range plans would be to grow, maintain, and eventually expand the program beyond Waianae's borders. The facility addresses a complex strategy for providing resources, education, and support to the Waianae community.

Estimates reveal over 5000 homeless are living on Oahu's beaches. Other sources reveal the multitude of at-risk or hidden homeless. A recent housing policy study reveals that only 519,408 housing units were occupied with 64,170 housing units vacant. Therefore, it can be deemed that there are roughly 816,422 at risk and hidden homeless in Oahu. Whether living paycheck to paycheck or staying with friends of family, this population is a future priority. Therefore, *HI SOS*

takes initiative on the current homeless and future homeless population by activating new opportunities and leveraging resources. In addition to boosting practical knowledge, *HI SOS* also elevates the Waianae population through hope, attention, and inspiring personal purpose. This social enterprise program will not only develop business opportunities in the area, it will also empower the homeless population by providing activities for mental and physical stimulation.

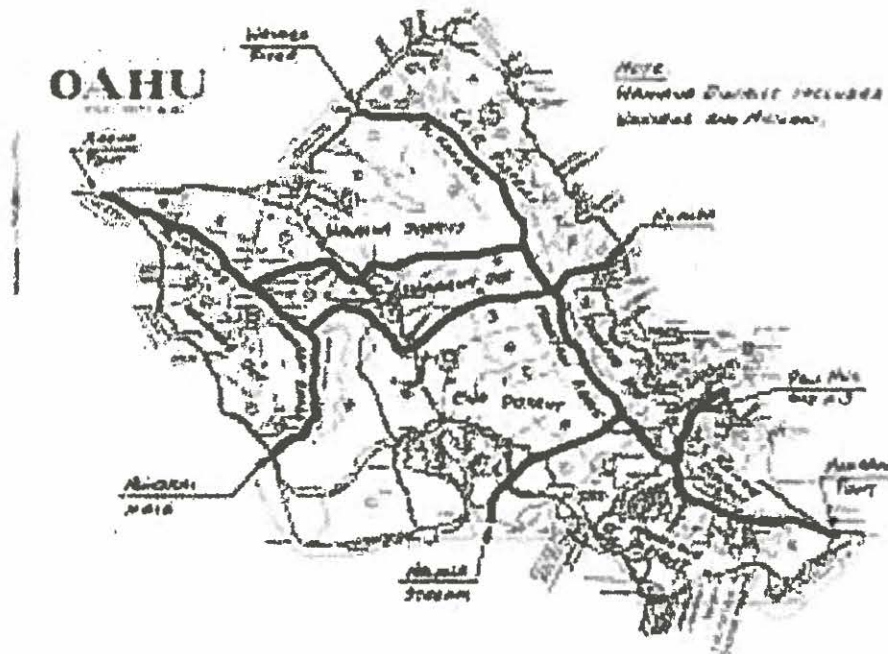
In addition, Hawaii Sustainable Outreach Solutions provides back up emergency preparedness for the area Waianae through it's facility, program and resource. In the case of a disaster, the community would want food, water, information, and alternative sources of production. This is a positive solution of sustainability to the emergency scenario.

4. Describe the target population to be served;

The *HI SOS* facility and embodied programs are open for use by the general public whole also remaining non-discriminatory. Women, men, and children of native Hawaiian or Polynesian descent are an area of focus since our trainings will also include a Native Hawaiian Language and cultural specialist. In addition to serving the homeless population, homeless at-risk, and the hidden homeless, the facility and programs will also benefit local business owners. Our education, training, and employment will be tackling Oahu's larger issue of homelessness, job creation, and education levels. Overall, the impetus will be focused on marketing the program and services to women, children, families, business owners, and homeless. Following a measurement evaluation system as part of our program, we can follow through with individuals who are interested in joining the business incubation program.

5. Describe the geographic coverage;

The design, planning, construction and implementation of *HI SOS* social enterprise program will be directly serving the population in the Waianae District area. However, the benefits can be felt as far reaching as Wahiawa, Laie, and even Ewa district.



Location Map. Department of Facility Maintenance. State of Hawaii. <http://www.honolulu.gov/dfmroad/drmorganization.html>

A marketing plan and business plan will market to women, children, families, and business owners from surrounding districts to partake in this sustainable business incubation and training services. This will reveal inclusion and collaboration across district, cultural boundaries, and class sectors of society. The feasibility's exact location can be disclosed upon request.

II. Service Summary and Outcomes

1. Describe the scope of work, tasks, and responsibilities.

The Hawaii Sustainable Outreach Solutions Center and Master Plan will be a multi-use facility that incorporates sustainable design and educational development. With completion of Phase A of the project by successfully completing the feasibility study, Phase B is in progression. There will be a subsequent phase after Phase B, including the implementation of the program. The application is requesting \$1.5 million to provide the funding to start Phase B. Phase B will focus primarily on capacity building, research and development, and training of the staff. Delaney Street Foundation, Homeboy Industries, NELHA, and the Four Season Hualalai

3 Part Plan:

Part 1: *Phase A* 2008-2010

This was the first stage of the project which has already been completed and followed through with grant guidelines.

- OHA Grant
- Waianae Feasibility Study
- Research and Development Phase (R&D)

Part 2: *Phase B* 2015-2017

The current Grant-in-Aid for Fiscal Year 2016 would fund the plans, design, and construction as well as operating costs, maintenance, and programs of the HI SOS facility.

- Master Plan: for the planning, design, and construction of Waianae social enterprise facility
- Collaborating with Designer/Engineer firms to provide low cost solutions
- Capacity Building: sending staff to trainings in San Francisco and Big Island
- Research and Development continued (R&D) in evaluating project flows, services process, demos, and community buy in surveys

Part 3: *Phase C* 2017-2019

- Program Implementation
- Relationship Management with key stakeholders
- HI SOS Facility's Marketing Plan: created for increased marketing of the center to the local, domestic and international community
- HI SOS Individualized Customized Business Plan Accelerator Program: This would bring those individuals who graduated from the Business incubation program who also achieved the highest level of education, training, and employment skill-building within the HI SOS program to be a part of a larger accelerator program. This program would involve a higher level of sophistication than the other educational services.

At this time, outside funding for extra support for the business incubation services, programs, and operational maintenance costs will be utilized. In addition to investment, financial instruments, and other forms of capital for funding, the items produced at the center can be marketed for local, domestic, and international export. Using the revenue stream from this venture as well as the financial market, the program will evolve into another

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

First 6 months - RESEARCH AND DEVELOPMENT

- If awarded the funding, HI SOS will hire an civil engineering project manager within the first six months of the acceptance of the receipt of funding. This is to reduce costs by providing in house labor for the construction of the facility.
- The Project Manager will subcontract out an Assistant Director of Outreach and Finance to oversee the program development and outreach efforts.
- The Project Manager will hire out a contracting firm to provide the Master Plan for the construction of *Phase B*.
- The Project Manager will hire out a contracting firm to provide design expertise and consulting throughout the project.
- The Project Manager will release bids for contractors for construction of the facility.
- The Project Manager and the Assistant Director of Outreach and Finance will include travel and expenses will make arrangement to attend trainings at the Delaney Street Foundation, Homeboy Industries, NELHA, and the Four Season Hualalai.
- The Project Manager will purchase, monitor, and track necessary expenses like supplies, office supplies, and inventory needed for start up costs.

First 6-12 months - *CAPACITY BUILDING*

- Depending on the outcome of the Master Plan results and flow, Phase B section, there will be subsequent steps to place the infrastructure needed for completion. As soon as the Master Plan is finalized, the construction will begin.
- The Project Manager will subcontract a construction firm with the equipment, tools, expertise, and evaluation methods needed for plan, design and construction of the HI SOS facility in Waianae.
- The Project Manager will create *Start Up Cost Status Report* of all costs and expenses, from monitoring, tracking, recording, and purchasing materials needed for the construction.
- The Assistant Director of Outreach and Finance will continually be building the program by writing curriculum, seeking expertise, community involvement, and other forms of outreach activities.

The Assistant Director of Outreach and Finance will hire a Native Hawaiian Language and Cultural Specialist for overseeing the entire implementation of the program. This position brings together all the elements in place when the program launches.

The Project Manager will have successfully created and reached nonprofit status as a separate arm to the project. The funds from the operating grant will be used to finalize the 501c3.

First 12-24 months - *CONSTRUCTION AND IMPLEMENTATION FINALIZATION*

The Project Manager will create *How Well We are Complying Status Report* of compliance with state laws and permitting regulations of the building.

The Project Manager will continually monitor, track, record, and purchase materials needed for the construction.

The Project Manager will put out bids for contractors for construction of the facility.

The Assistant Director of Outreach and Finance with the Native Hawaiian Cultural Specialist will supervise volunteers to staff facility at implementation of program and curriculum. Education, training, and employment services will launch once facility is finalized by construction firm. This depends on the outcome of the construction work flow and deliverables.

The Project Manager will challenge the construction firm to complete construction by 24 month mark.

The Assistant Director of Outreach and Finance will launch a marketing campaign for the program utilizing press, news sources, social media, and other non-profit organizations.

Once nonprofit status is finalized, the Project Manager will start fundraising campaign in collaboration with the Assistant Director of Outreach and Finance for financial backing.

By the 24th month, the Native Hawaiian Language and Cultural Specialist will have successfully maintained a 6 month base of 15 residents from Waianae's community, attending trainings at least once a week.

After 2 years – 3 years - *THE VISION*

The Assistant Director of Outreach and Finance will launch a marketing campaign for the program utilizing press, news sources, social media, and other non-profit organizations.

- The Project Manager will allocate moneys from the outside fundraising sources to invest in the social enterprise value added products.
- The Native Hawaiian Language and Cultural Specialist, under discretion from the Project Manager will hire 2 graduates from the advanced incubation program to take on the training responsibilities as staff.
- The Project Manager, in collaboration with the Assistant Director of Outreach and Finance will transform the social enterprise facility of education, training, and employment skills-building into a more advanced business accelerator program.
- In the middle of the second year, the Native Hawaiian Language and Cultural Specialist will create awards for those that have participated the longest in the original start up social enterprise causes.
- The Project Manager will have identified, solicited funds from, and maintained relationships with key stakeholders who have been involved indirectly or directly in the social enterprise facility and program through CRM databases.

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

The Project Director of HI SOS facility and programs will comply with regimented safeguards, accounting measures, inputs, technologies, and process performance feedback to ensure proper workflow. Also, the Project Director will hold stakeholder meetings once a month to go over the past, current, and future corrective action to ensure compliance from all perspectives. In addition, the Project Manager will be responsible for meeting timeliness, organization, and delegation of the project. Also, the project manager will hire outside consultants in design so as to construct feedback and checks on the process flow. The Project Manager will be the main oversight to all activities that are budgeted, funded, or reallocated, with the scope including:

- Working with the Assistant Director of Finance to establish, reach, and qualify organizational goals
- Monitor contractor work with performance charts and work quality analysis
- Follow up with normal accounting/tax reports as well as financial/managerial accounting. Calculate accounting totals every month with *Start Up Cost Status Report* (after the first 12 months) and *How Well are We Complying Report*
- Isolate issues with the process, integrity, follow through of the project in order to document and correct them

- Creating a Nonprofit arm of the project that will continue to solicit grants from other organizations and identifying board members. This nonprofit arm will provide another source of guidance from the Board of Directors. The Project Manager will hold monthly meeting with the Board of Directors and supply financial reports. These board members will be from various key sectors of Oahu's society and will ensure activities are conducted in the most optimal manner for best practices. The Board of Directors will also have responsibilities to market, fundraise, and help maintain relationships for the growth of HI SOS's facility and programs. The Board Members will give input and guidance on financial reports and ensure financial records are in place. They will also identify if corrective actions are needed through constructive criticism.

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 measure(s) will provide a standard and objective way for the State to assess the program's achievement or accomplishment.

Depending on the outcomes for the Master Plan, Phase B which has a variance time of 6-8 months, there are certain, definite time frames that can be acknowledged:

First 6 months

- Project Manager is hired or self-appointed
- Assistant Director for Outreach and Finance is hired
- Master Plan Firm is hired
- Program Curriculum is 1/2 finished (written and researched).

First 6-12 months

- Construction firm is hired
- Construction begins on Phase
- Depending on the outcomes for construction progress and flow, Phase B which could vary, there are certain, definite time frames that can be acknowledged
- Program Curriculum is completely finished (written and researched).

First 12-24 months

- *How Well We are Complying Status Report* of compliance with state laws and permitting is created
- Infrastructure complete within 24 months
- Marketing Program using news sources launched

After 2 years – 3 years

- Awards are created for participants

III. Financial

Budget

1. The applicant shall submit a budget utilizing the enclosed budget form as a applicable to detail the cost of the request.

(See Attached)

2. The applicant shall provide its anticipated quarterly funding requests for the fiscal year 2015

Q 1	Q2	Q3	Q4	Total Grant
\$750,000.00	\$250,000.00	\$250,000.00	\$250,000.00	\$1,500,000.00

3. The applicant shall provide a listing of all other sources of funding that they are seeking for fiscal year 2016.

At this time there are no other funding sources that this project is seeking. The OHA Grant was not currently under HI SOS or Permits Hawaii.

4. The applicant shall provide a listing of all state and federal tax credits it has been granted within the prior 3 years. Additionally the applicant shall provide a listing of all state and federal tax credits that they have applied for or anticipate applying for pertaining to any capital project if applicable.

At this time, there are no prior state or federal tax credits that have been received within the past 3 years.

5. The applicant shall provide the balance of its current unrestricted asset s of December 31, 2013.

As of now, there are no balances nor any unrestricted assets.

IV. Experience and Capability

A. Necessary Skills and Experience

The concept behind *Sustainability Outreach Solutions* or "HI SOS" comes from a wide variety of backgrounds. The skills include civil engineering skillset, entrepreneurial accomplishment, office management skills, educational expertise, and international business knowledge. Other needed skills for construction of the facility after the Master Plan is completed will be contracted out so as to work cost effectively. This includes accounting work, legal work, and also design firms. The Master Plan will create a firm basis for which areas of speciality are needed most and the Project Manager will contract out the licensed contractors to build the facility.

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PROJECT AND GRANT WILL BE ADMINISTERED
UNDER A NEW NON-PROFIT ORG.
(501(C)3 IN PROGRESS)

6. DESCRIPTIVE TITLE OF APPLICANT'S REQUEST:

HAWAII SUSTAINABLE OUTREACH SOLUTIONS PROJECT
A Request for \$1.5 million to
Fund the Master Plan Phase B
and Design and Construction of
the Waianae Social Enterprise
Facility.

4. FEDERAL TAX ID #: 09-0331215

5. STATE TAX ID #: W74423131-01

7. AMOUNT OF STATE FUNDS REQUESTED:

FISCAL YEAR 2016: \$ _____

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- NEW SERVICE (PRESENTLY DOES NOT EXIST)
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SPECIFY THE AMOUNT BY SOURCES OF FUNDS AVAILABLE
AT THE TIME OF THIS REQUEST:

STATE \$ _____
 FEDERAL \$ _____
 COUNTY \$ _____
 PRIVATE/OTHER \$ _____

TYPE NAME & TITLE OF AUTHORIZED REPRESENTATIVE:

AUTHORIZED SIGNATURE

LAUREN DAVIS-HUDSON EXEC DIRECTOR 1/29/15
NAME & TITLE DATE SIGNED

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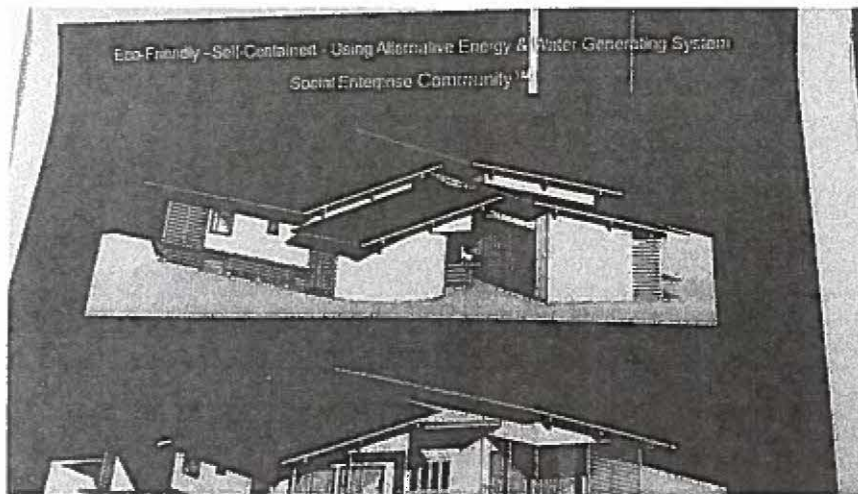
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The Hawaii Sustainable Outreach Solutions facility and program would be located on 400 acres parcel land in Waianae's community for the benefit of individuals, small business owners, and entrepreneurs. The long range plans would be to grow, maintain, and eventually expand the program beyond Waianae's borders. The facility addresses a complex strategy for providing resources, education, and support to the Waianae community.

Estimates reveal over 5000 homeless are living on Oahu's beaches. Other sources reveal the multitude of at-risk or hidden homeless. A recent housing policy study reveals that only 519,408 housing units were occupied with 64,170 housing units vacant. Therefore, it can be deemed that there are roughly 816,422 at risk and hidden homeless in Oahu. Whether living paycheck to paycheck or staying with friends or family, this population is a future priority. Therefore, *HI SOS*

takes initiative on the current homeless and future homeless population by activating new opportunities and leveraging resources. In addition to boosting practical knowledge, *HI SOS* also elevates the Waianae population through hope, attention, and inspiring personal purpose. This social enterprise program will not only develop business opportunities in the area, it will also empower the homeless population by providing activities for mental and physical stimulation.

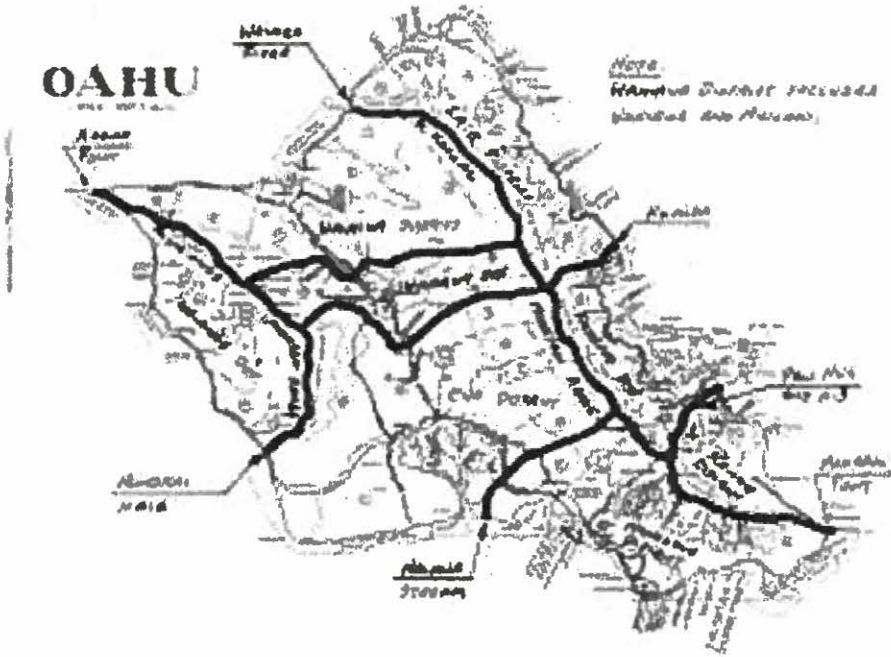
In addition, Hawaii Sustainable Outreach Solutions provides back up emergency preparedness for the area Waianae through it's facility, program and resource. In the case of a disaster, the community would want food, water, information, and alternative sources of production. This is a positive solution of sustainability to the emergency scenario.

4. Describe the target population to be served;

The *HI SOS* facility and embodied programs are open for use by the general public whole also remaining non-discriminatory. Women, men, and children of native Hawaiian or Polynesian descent are an area of focus since our trainings will also include a Native Hawaiian Language and cultural specialist. In addition to serving the homeless population, homeless at-risk, and the hidden homeless, the facility and programs will also benefit local business owners. Our education, training, and employment will be tackling Oahu's larger issue of homelessness, job creation, and education levels. Overall, the impetus will be focused on marketing the program and services to women, children, families, business owners, and homeless. Following a measurement evaluation system as part of our program, we can follow through with individuals who are interested in joining the business incubation program.

5. Describe the geographic coverage;

The design, planning, construction and implementation of *HI SOS* social enterprise program will be directly serving the population in the Waianae District area. However, the benefits can be felt as far reaching as Wahiawa, Laie, and even Ewa district.



Location Map. Department of Facility Maintenance. State of Hawaii. <http://www.honolulu.gov/dfmroad/drmorganization.html>

A marketing plan and business plan will market to women, children, families, and business owners from surrounding districts to partake in this sustainable business incubation and training services. This will reveal inclusion and collaboration across district, cultural boundaries, and class sectors of society. The feasibility's exact location can be disclosed upon request.

II. Service Summary and Outcomes

1. Describe the scope of work, tasks, and responsibilities.

The Hawaii Sustainable Outreach Solutions Center and Master Plan will be a multi-use facility that incorporates sustainable design and educational development. With completion of Phase A of the project by successfully completing the feasibility study, Phase B is in progression. There will be a subsequent phase after Phase B, including the implementation of the program. The application is requesting \$1.5 million to provide the funding to start Phase B. Phase B will focus primarily on capacity building, research and development, and training of the staff. Delaney Street Foundation, Homeboy Industries, NELHA, and the Four Season Hualalai

3 Part Plan:

Part 1: *Phase A* 2008-2010

This was the first stage of the project which has already been completed and followed through with grant guidelines.

- OHA Grant
- Waianae Feasibility Study
- Research and Development Phase (R&D)

Part 2: *Phase B* 2015-2017

The current Grant-in-Aid for Fiscal Year 2016 would fund the plans, design, and construction as well as operating costs, maintenance, and programs of the HI SOS facility.

- Master Plan: for the planning, design, and construction of Waianae social enterprise facility
- Collaborating with Designer/Engineer firms to provide low cost solutions
- Capacity Building: sending staff to trainings in San Francisco and Big Island
- Research and Development continued (R&D) in evaluating project flows, services process, demos, and community buy in surveys

Part 3: *Phase C* 2017-2019

- Program Implementation
- Relationship Management with key stakeholders
- HI SOS Facility's Marketing Plan: created for increased marketing of the center to the local, domestic and international community
- HI SOS Individualized Customized Business Plan Accelerator Program: This would bring those individuals who graduated from the Business incubation program who also achieved the highest level of education, training, and employment skill-building within the HI SOS program to be a part of a larger accelerator program. This program would involve a higher level of sophistication than the other educational services.

At this time, outside funding for extra support for the business incubation services, programs, and operational maintenance costs will be utilized. In addition to investment, financial instruments, and other forms of capital for funding, the items produced at the center can be marketed for local, domestic, and international export. Using the revenue stream from this venture as well as the financial market, the program will evolve into another

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

First 6 months - RESEARCH AND DEVELOPMENT

- If awarded the funding, HI SOS will hire an civil engineering project manager within the first six months of the acceptance of the receipt of funding. This is to reduce costs by providing in house labor for the construction of the facility.
- The Project Manager will subcontract out an Assistant Director of Outreach and Finance to oversee the program development and outreach efforts.
- The Project Manager will hire out a contracting firm to provide the Master Plan for the construction of *Phase B*.
- The Project Manager will hire out a contracting firm to provide design expertise and consulting throughout the project.
- The Project Manager will release bids for contractors for construction of the facility.
- The Project Manager and the Assistant Director of Outreach and Finance will include travel and expenses will make arrangement to attend trainings at the Delaney Street Foundation, Homeboy Industries, NELHA, and the Four Season Hualalai.
- The Project Manager will purchase, monitor, and track necessary expenses like supplies, office supplies, and inventory needed for start up costs.

First 6-12 months - *CAPACITY BUILDING*

- Depending on the outcome of the Master Plan results and flow, Phase B section, there will be subsequent steps to place the infrastructure needed for completion. As soon as the Master Plan is finalized, the construction will begin.
- The Project Manager will subcontract a construction firm with the equipment, tools, expertise, and evaluation methods needed for plan, design and construction of the HI SOS facility in Waianae.
- The Project Manager will create *Start Up Cost Status Report* of all costs and expenses, from monitoring, tracking, recording, and purchasing materials needed for the construction.
- The Assistant Director of Outreach and Finance will continually be building the program by writing curriculum, seeking expertise, community involvement, and other forms of outreach activities.

The Assistant Director of Outreach and Finance will hire a Native Hawaiian Language and Cultural Specialist for overseeing the entire implementation of the program. This position brings together all the elements in place when the program launches.

The Project Manager will have successfully created and reached nonprofit status as a separate arm to the project. The funds from the operating grant will be used to finalize the 501c3.

First 12-24 months - *CONSTRUCTION AND IMPLEMENTATION FINALIZATION*

The Project Manager will create *How Well We are Complying Status Report* of compliance with state laws and permitting regulations of the building.

The Project Manager will continually monitor, track, record, and purchase materials needed for the construction.

The Project Manager will put out bids for contractors for construction of the facility.

The Assistant Director of Outreach and Finance with the Native Hawaiian Cultural Specialist will supervise volunteers to staff facility at implementation of program and curriculum. Education, training, and employment services will launch once facility is finalized by construction firm. This depends on the outcome of the construction work flow and deliverables.

The Project Manager will challenge the construction firm to complete construction by 24 month mark.

The Assistant Director of Outreach and Finance will launch a marketing campaign for the program utilizing press, news sources, social media, and other non-profit organizations.

Once nonprofit status is finalized, the Project Manager will start fundraising campaign in collaboration with the Assistant Director of Outreach and Finance for financial backing.

By the 24th month, the Native Hawaiian Language and Cultural Specialist will have successfully maintained a 6 month base of 15 residents from Waianae's community, attending trainings at least once a week.

After 2 years – 3 years - *THE VISION*

The Assistant Director of Outreach and Finance will launch a marketing campaign for the program utilizing press, news sources, social media, and other non-profit organizations.

- The Project Manager will allocate moneys from the outside fundraising sources to invest in the social enterprise value added products.
- The Native Hawaiian Language and Cultural Specialist, under discretion from the Project Manager will hire 2 graduates from the advanced incubation program to take on the training responsibilities as staff.
- The Project Manager, in collaboration with the Assistant Director of Outreach and Finance will transform the social enterprise facility of education, training, and employment skills-building into a more advanced business accelerator program.
- In the middle of the second year, the Native Hawaiian Language and Cultural Specialist will create awards for those that have participated the longest in the original start up social enterprise causes.
- The Project Manager will have identified, solicited funds from, and maintained relationships with key stakeholders who have been involved indirectly or directly in the social enterprise facility and program through CRM databases.

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

The Project Director of HI SOS facility and programs will comply with regimented safeguards, accounting measures, inputs, technologies, and process performance feedback to ensure proper workflow. Also, the Project Director will hold stakeholder meetings once a month to go over the past, current, and future corrective action to ensure compliance from all perspectives. In addition, the Project Manager will be responsible for meeting timeliness, organization, and delegation of the project. Also, the project manager will hire outside consultants in design so as to construct feedback and checks on the process flow. The Project Manager will be the main oversight to all activities that are budgeted, funded, or reallocated, with the scope including:

- Working with the Assistant Director of Finance to establish, reach, and qualify organizational goals
- Monitor contractor work with performance charts and work quality analysis
- Follow up with normal accounting/tax reports as well as financial/managerial accounting. Calculate accounting totals every month with *Start Up Cost Status Report* (after the first 12 months) and *How Well are We Complying Report*
- Isolate issues with the process, integrity, follow through of the project in order to document and correct them

- Creating a Nonprofit arm of the project that will continue to solicit grants from other organizations and identifying board members. This nonprofit arm will provide another source of guidance from the Board of Directors. The Project Manager will hold monthly meeting with the Board of Directors and supply financial reports. These board members will be from various key sectors of Oahu's society and will ensure activities are conducted in the most optimal manner for best practices. The Board of Directors will also have responsibilities to market, fundraise, and help maintain relationships for the growth of HI SOS's facility and programs. The Board Members will give input and guidance on financial reports and ensure financial records are in place. They will also identify if corrective actions are needed through constructive criticism.

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 measure(s) will provide a standard and objective way for the State to assess the program's achievement or accomplishment.

Depending on the outcomes for the Master Plan, Phase B which has a variance time of 6-8 months, there are certain, definite time frames that can be acknowledged:

First 6 months

- Project Manager is hired or self-appointed
- Assistant Director for Outreach and Finance is hired
- Master Plan Firm is hired
- Program Curriculum is 1/2 finished (written and researched).

First 6-12 months

- Construction firm is hired
- Construction begins on Phase
- Depending on the outcomes for construction progress and flow, Phase B which could vary, there are certain, definite time frames that can be acknowledged
- Program Curriculum is completely finished (written and researched).

First 12-24 months

- *How Well We are Complying Status Report* of compliance with state laws and permitting is created
- Infrastructure complete within 24 months
- Marketing Program using news sources launched

After 2 years – 3 years

- Awards are created for participants

III. Financial

Budget

1. The applicant shall submit a budget utilizing the enclosed budget form as applicable to detail the cost of the request.

(See Attached)

2. The applicant shall provide its anticipated quarterly funding requests for the fiscal year 2015

Q 1	Q2	Q3	Q4	Total Grant
\$750,000.00	\$250,000.00	\$250,000.00	\$250,000.00	\$1,500,000.00

3. The applicant shall provide a listing of all other sources of funding that they are seeking for fiscal year 2016.

At this time there are no other funding sources that this project is seeking. The OHA Grant was not currently under HI SOS or Permits Hawaii.

4. The applicant shall provide a listing of all state and federal tax credits it has been granted within the prior 3 years. Additionally the applicant shall provide a listing of all state and federal tax credits that they have applied for or anticipate applying for pertaining to any capital project if applicable.

At this time, there are no prior state or federal tax credits that have been received within the past 3 years.

5. The applicant shall provide the balance of its current unrestricted assets of December 31, 2013.

As of now, there are no balances nor any unrestricted assets.

IV. Experience and Capability

A. Necessary Skills and Experience

The concept behind *Sustainability Outreach Solutions* or "HI SOS" comes from a wide variety of backgrounds. The skills include civil engineering skillset, entrepreneurial accomplishment, office management skills, educational expertise, and international business knowledge. Other needed skills for construction of the facility after the Master Plan is completed will be contracted out so as to work cost effectively. This includes accounting work, legal work, and also design firms. The Master Plan will create a firm basis for which areas of speciality are needed most and the Project Manager will contract out the licensed contractors to build the facility.

This project will need a wide range of skills to tackle all the elements of the process while also maintaining low costs. Also, because this is a social enterprise, the revenues take time to build so Heart is essential. The current proposed team for the initial start of the project are as follows:

Lauren Davis-Hudson

As the CEO of Permits Hawaii, Lauren decided to give back to the community through her skills, talents, and background in civil engineering and permitting. With a bachelor's of civil engineering and project management, over 29 years working for private firms, and 10 year successfully running residential permitting company, she wants to give back to the community of Waianae. In addition to acting as project manager, she will also help by teaching, educating, training, and assisting the individuals on her skills and expertise: construction, exporting, building, cooking, bottling, and furniture making. She gets joy out of sharing her knowledge with others who are less fortunate in order to create value-added products and inspire hope. Lauren would be overlooking the entire project as well as allocating grant funds as necessary.

Laurel Lemontt

As the Assistant Director for Outreach and Finance, Laurel would be working on the Programs side, generating, maintaining, and gathering new clientele from Waianae's community. She would be responsible for writing curriculum based on her extensive experience in education. Currently working on her MBA and completed a Bachelors at UC Berkeley, Laurel aims to share her knowledge on entrepreneurial activities with the populace of Waianae's less fortunate. In addition, laurel wants to help others start their own companies like she did with Glopen Industries Inc. By giving back to the community through educating, training, and employment services, Laurel can also support Hawaii's business sector by registered people in Hawaii. With her undergraduate degree in Geography, she has acquired grants for research trips and worked with many native businesses like the Quinault Logging venture.

Nowlin Keola Reyes

As the Native Hawaiian Language and Cultural Specialist, Keola will guide the project using his own network of Hawaiian Kumus and Kahunas for a culturally sensitive agenda. Utilizing his knowledge from working with Olelo on community events, HI SOS will benefit from training their staff to adapt to geographically specific techniques for business. Working with large international

private consulting firms such as GRT Solutions, Keola Reyes has successfully run his own company, Pacific Sustainability Industries with focus on environmental sustainability and food systems. Combining practical knowledge with native cultural practices. He has been an advocate for ancient Hawaiian farming knowledge through his work with Living Life Source, Halau Ku Mana, and Kumu Lake.

B. Facilities

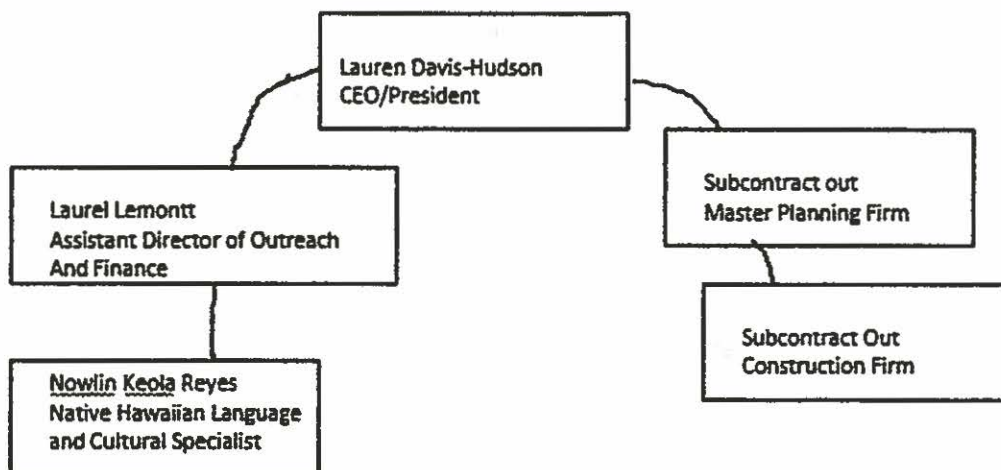
The Master Plan and subsequent Design Firm Contractor will ensure that the Waianae HI SOS facility meets all ADA requirements and is culturally sensitive. Also, there will be a process of community buy-in surveys that will be instilled for ensuring proper delivery. (See Feasibility Study)

V. Personnel: Project Organization and Staffing

A. Proposed Staffing, Staff Qualifications, Supervision and Training

The HI SOS facility and program will include sending staff to trainings in San Francisco, Big Island, as well as paying the Native Hawaiian Language and Cultural Specialist for guidance. This is imperative that this training take place to properly align the model to other successfully demonstrated models on the mainland. There will be use of volunteers only until the program achieves a stability of clientele. After the second year, the the Native Hawaiian Language and Cultural Specialist will create awards for those that have participated the longest in the original start up social enterprise causes. This will be a way to transform the social enterprise into a more serious start up accelerator to generate larger profits for the clientele.

B. Organization Chart



C. Compensation

All of the 3 positions will be paid roughly \$50,000 each per year to handle the multifaceted duties for the project. The initial scope of the program and services involve managing, facilitating, marketing, planning, relationship management and follow through.

VI. Other

A. Litigation

The Applicant shall disclose any pending litigation to which they are a party, including the disclosure of any outstanding judgments. If applicable please explain.

The organization has no pending litigation and no outstanding judgments,

B. Licensure or Accreditation

The applicant shall specify any special qualifications, including but not limited to licensure or accreditation that applicant possesses relevant to this request.

There are no special qualifications, licenses, or accreditation required by the project that are relevant in any way. All work internally and externally shall be handled with care, attention, and subcontracted out if needs are not met.

C. Federal and County Grants

There have been no federal or county grants awarded since July 1, 2014

D. Private Educational Institutions

There have been no sectarian nor nonsectarian educational institutions involved.

E. Future Sustainability Plan

Currently, we would like funds to fund Phase B of the Master Plan and Construction of 1 facility used to house programs in education, training, and employment services. As proof of future sustainability (in terms of future expansion in a different direction), please the Feasibility Study Attached.

F. Certificate of Good Standing

See Attachment.

Capital

BUDGET REQUEST BY SOURCE OF FUNDS

Period: July 1, 2015 to June 30, 2016

Applicant: HI SOS (Permits Hawaii)

BUDGET CATEGORIES	Total State Funds Requested (a)	Total Federal Funds Requested (b)	Total County Funds Requested (c)	Total Private/Other Funds Requested (d)
A. PERSONNEL COST				
1. Salaries				
2. Payroll Taxes & Assessments				
3. Fringe Benefits				
TOTAL PERSONNEL COST				
B. OTHER CURRENT EXPENSES				
1. Airfare, Inter-Island				
2. Insurance				
3. Lease/Rental of Equipment				
4. Lease/Rental of Space				
5. Staff Training				
6. Supplies				
7. Telecommunication				
8. Utilities				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
TOTAL OTHER CURRENT EXPENSES				
C. EQUIPMENT PURCHASES				
D. MOTOR VEHICLE PURCHASES				
E. CAPITAL	1,500,000			
TOTAL (A+B+C+D+E)	1,500,000			
SOURCES OF FUNDING		Budget Prepared By:		
(a) Total State Funds Requested	/	Laurel Lemont # 8083711040		
(b) Total Federal Funds Requested		Name (Please type or print)		
(c) Total County Funds Requested		[Redacted] 1/30/15		
(d) Total Private/Other Funds Requested		Signature of Authorized Official Date		
TOTAL BUDGET		Laurel Lemont # Name and Title (Please type or print)		

BUDGET JUSTIFICATION - PERSONNEL SALARIES AND WAGES

Period: July 1, 2015 to June 30, 2016

Applicant: _____

POSITION TITLE	FULL TIME EQUIVALENT	ANNUAL SALARY A	% OF TIME ALLOCATED TO GRANT REQUEST B	TOTAL STATE FUNDS REQUESTED (A x B)
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
TOTAL:				
JUSTIFICATION/COMMENTS:				

BUDGET JUSTIFICATION - EQUIPMENT AND MOTOR VEHICLES

Period: July 1, 2015 to June 30, 2016

Applicant: _____

DESCRIPTION EQUIPMENT	NO. OF ITEMS	COST PER ITEM	TOTAL COST	TOTAL BUDGETED
			\$ -	
			\$ -	
			\$ -	
			\$ -	
			\$ -	
TOTAL:				
JUSTIFICATION/COMMENTS:				

DESCRIPTION OF MOTOR VEHICLE	NO. OF VEHICLES	COST PER VEHICLE	TOTAL COST	TOTAL BUDGETED
			\$ -	
			\$ -	
			\$ -	
			\$ -	
			\$ -	
TOTAL:				
JUSTIFICATION/COMMENTS:				

BUDGET JUSTIFICATION - CAPITAL PROJECT DETAILS

Period: July 1, 2015 to June 30, 2016

Applicant: _____

FUNDING AMOUNT REQUESTED						
TOTAL PROJECT COST	ALL SOURCES OF FUNDS RECEIVED IN PRIOR YEARS		STATE FUNDS REQUESTED	OF FUNDS REQUESTED	FUNDING REQUIRED IN SUCCEEDING YEARS	
	FY: 2013-2014	FY: 2014-2015	FY:2015-2016	FY:2015-2016	FY:2016-2017	FY:2017-2018
PLANS						
LAND ACQUISITION						
DESIGN						
CONSTRUCTION						
EQUIPMENT						
TOTAL:						
JUSTIFICATION/COMMENTS:						

GOVERNMENT CONTRACTS AND/OR GRANTS

Applicant: ^{HI} SOO (Permits Hawaii)

	CONTRACT DESCRIPTION	EFFECTIVE DATES	AGENCY	GOVERNMENT ENTITY (U.S. / State / Haw / Hon / Kau / Mau)	CONTRACT VALUE
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
				TOTAL	

**DECLARATION STATEMENT OF
APPLICANTS FOR GRANTS PURSUANT TO
CHAPTER 42F, HAWAII REVISIED 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 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 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 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.
- 2) If the applicant is an organization, 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 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 used for the acquisition of land, when the organization discontinues the activities or services on the land acquired for which the grant 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 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.

LAUREN DAVIS-HUDSON (PERMITS HAWAII, LLC DBA) HAWAII SUSTAINABLE OUTREACH SOLUTIONS
(Typed Name of Individual or Organization)

 _____
(Signature) (Date) 1/29/2015

LAUREN DAVIS-HUDSON ITS PRESIDENT / CEO
(Typed Name) (Title)

FEASIBILITY STUDY

For

Waianae, HI

BUSINESS INCUBATOR

Or

SOCIAL ENTERPRISE COMMUNITY™

PREPARED BY:

**HAWAII SUSTAINABLE OUTREACH SOLUTIONS
(Hawaii SOS)**

**Formerly "Hui O Aloha Aina"
OHA GRANT (FY08) - Grant NO. 2258
Fiscal Sponsor - Pacific Music Foundation**

A. EXECUTIVE SUMMARY

The primary Mission of Hawaii Sustainable Outreach Solutions (Hawaii SOS) non-profit organization, formerly ("Hui O Aloha 'Aina") is to improve the quality of life of Native Hawaiians. To realize this goal, we will create specific projects and programs to facilitate sustainable economic development and land/home ownership for Native Hawaiians. The short term goal is to improve the quality of life and create economic stability beginning with NH residents living in Waianae; while the long-term will be to expand the projects and programs to Native Hawaiians throughout the State.

The initial concept of the organization was to create the "Hui O Aloha 'Aina" Project, which included a Business Incubator and Community Certified Kitchen. The Community Kitchen would offer culinary training, a certified kitchen, and ongoing support for those seeking to open culinary related businesses in the community. The Business Incubator would assist individuals and new entrepreneurs starting any type of businesses, by offering business start-up education, training in best business management practices, bookkeeping training, as well as offering ongoing administrative services, bookkeeping support services, an office environment (phone/fax/copy machine, etc), conference room, business library, for a minimal fee.

A secondary/ alternative concept would be to open a "Social Enterprise Facility" based on offering for-profit products and services to fund the non-profit portion of the Organization; the non-profit portion consists of "on-the-job" training and entrepreneurial small business education. This Social Enterprise Facility would be a complex of stores, businesses and small manufacturing facilities that create goods and services for the community, for the state and possibly for export. The concept is modeled after "Delancey Street Foundation" in San Francisco, CA, which has operated successfully since 1980. Please see www.delanceystreetfoundation.org

The Project would seed the community with new businesses and self-employed individuals as well as assist other organizations to do the same. This would be done to facilitate economic growth programs culminating in a State or Federally funded Main Street Revitalization Project.

The organization founder and President, is a civil engineer with over eighteen years of combined city/regional planning, site development and construction/project management experience. While awaiting final approval of 501(c)3 status, the organization's fiscal sponsor is Pacific Music Foundation.

Hawaii SOS, hopes to use all resources, knowledge, and support available to unite, educate, and empower Native Hawaiian people living in disadvantaged communities; to bring business and economic growth to remote communities where it was previously impossible or improbable; and finally promote long-term economic growth, socio-economic independence and sustainability for Native Hawaiians, beginning with those living in the poorest conditions. We have chosen Waianae as our first target community to be served, due to the perpetual lack of outside support given, as well as the community's own resistance to change. While other communities have grown and prospered as a result of exponential development and expansion, research indicates that there have been consistent barriers to the economic growth to this area that has negatively impacted its residents, a majority of whom are Native Hawaiians. Since the Waianae community represents the clearest and most tangible example of the problems faced by the homeless and impoverished statewide, this organization aims to create an economically sustainable Business Model, to reverse the negative economic trend in the Waianae community- and subsequently utilize this Business Model to empower other disadvantaged communities statewide.

A. Table of Contents

B. Executive Summary

C. Summary of the Findings and Recommendations:

1. Setting, Purpose and Description of Project
2. Summary of Market Potential and Source of Input Supply
3. Summary of Technical Features
4. Schedules of Net Benefits and Capital Requirements
5. Benefit-Cost Ratios and Internal Rate of Return
6. Summary of Benefits and Costs Associated with the Project
7. Proposed Financial Plan and Projected Cash Flows
8. Recommendations for Implementation

D. Description of the Project:

1. Nature of the Project (including technical processes, general size and location, kind of output, kinds of input, time horizon, etc.)
2. The General Setting of the Project Location
3. Proposed Ownership, Structure and Management
4. Markets to be served and Existing Suppliers
5. Input Supplies and Competitive Users
6. Staffing Requirements and Sources

E. General Setting and Need for Project:

1. Physical, Economic, and Social Characteristics (members/Community) of the Project Area
2. Regional, National, and International Economic Relevance to Project
3. Relevant Governmental Policies and Programs
4. Description of the Problem Situation (which would be solved by the project)
5. Impact and Consequences on Members (and the Community if Needed)
6. Sampling Procedures and Survey Techniques Used to Support Project

F. Market Potential for Goods or Services, Markets Served (current and future):

1. Form and Quality of Product or Service, Markets Served and Channels Used
2. Projected Total Demand in Markets to be Served
3. Projected Competitive Supplies and Services
4. Sales Potential and Projected Sales Prices
5. Marketing Plan and Projected Marketing Costs

G. Raw Material Supply Potential and Procurement Plan:

1. Form and Quality of Materials Required and Potential Supply Sources
2. Projected Total Supply from Members and Non-members
3. Projected Competitive Demand
4. Procurement Potential and Projected Procurement Prices
5. Procurement Plant and Projected Procurement Costs
6. Form of Commitment of Raw Materials-Marketing Agreements, Etc.

H. Supply of Labor and Other Key Inputs:

1. Form and Quality of Labor and Other Inputs Required
2. Projected Total Supply from Sources Planned
3. Projected Competitive Demand for Inputs
4. Acquisition Plan, Training Program and Projected Acquisition Costs

OHA Grant Final Report (FY08 Grant)

Hawaii SOS Feasibility Study © 2009

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I. Technical Characteristics and Specifications:

1. General Design and Technical Requirements
2. Comparison of Design and Expected Performance with Existing Operations
3. Reasons for the Advantages of the Design Selected
4. Proposed Sources of Supply and Method of Acquisition
5. Proposed Procedures for Quality Control and Construction Performance
6. Estimated Costs, and Sources Upon Which Estimates Are Based

J. Development Schedule and Production Plan:

1. Sequence of Development and Construction; Critical Points in Sequence
2. Detailed Development and Construction Calendar
3. Procedures for Controlling Development Schedule
4. Production Start-up and Initial Performance (or Yields)
5. Schedule of Transition to Full Output, and Controls to Insure that Schedule will be met
6. Schedules of Input and Output Based on Development and Production Plans

K. Capital Requirements and Investment Schedule:

1. Estimated Capital Cost for Major Facilities and Equipment
2. Estimated Capital Cost for Marketing and Other related Facilities
3. Replacement Schedules for Equipment and Facilities
4. Estimated Working Capital Requirements
5. Schedule of Estimated Total Capital Investment

L. Sales Plan and Revenue Schedule:

1. Seasonal Patterns of Product Demand and Prices
2. Storage Program and Projected Monthly Sales Schedule
3. Projected Net Monthly Product Prices
4. Projected Revenue Schedule over the Project Planning Period
5. Pooling Arrangements

M. Projected Operating Costs and Net Revenue:

1. Raw Material Costs
2. Labor Costs
3. Costs for Other Inputs
4. Management and Related Costs
5. Repair and Maintenance Costs
6. Costs for Research and Development, Overhead and Other Service Functions
7. Combined Annual Operating Costs
8. Projected Net Revenue over the Planning Period

N. Economic Feasibility of Project:

1. Present Value of Investment and Net Benefits Schedules at Alternative Discount Rates
2. Benefit-Cost Ratios and Internal Rate of Return for Project
3. Sources and Schedule of Benefits Associated with the Project
4. Sources and Schedule of Costs Associated with the Project
5. Present Value of the Combined Schedules of Associated Benefits and Costs
6. Project Potential in Relation to the Opportunity Cost of Capital, and Summary of Economic Feasibility
7. Sensitivity Tests-What if Prices and Costs Changed by Various Amounts
8. Other Financial Ratios as Needed by Project

O. Financial Plan for Project:

1. Proposed Equity Investment by Source of Funds
2. Proposed Sources, Schedule and Terms of Loans for Meeting Balance of Capital Requirements
3. Projected Cash Flow by Sector under Proposed Financing Plan
4. Projected Schedules of Depreciation, Interest and Taxes
5. Pro forma Balance Sheets and Operating Statements (3 years)
6. Pooling Arrangements
7. Pro forma Source and Application of Funds
8. Summary of Financial Plan and Recommendation for Implementation
9. Impacts on Members: Impact on the Cooperative

P. Appendices and Notes:

1. Resume or Credentials of Person or Company Who Completed the Study
2. List Key Assumptions and Validations for Their Use.
3. List Footnoted Sources for the Document

Hawaii SOS
(Hawaii Sustainable Outreach Solutions)
A Non-Profit Corporation For Enterprise Development
Feasibility Study

B. Executive Summary

C. Summary of the Important Findings and Recommendations:

1. Setting, Purpose and Description of Project

- Waianae, Island of Oahu, Hawaii
- To bring sustainable long-term economic opportunities, stability and financial improvement to low-income (Native Hawaiians) individuals and families in Waianae; once established expand the project's business model to other under-served areas within the State of Hawaii; to help facilitate land and property ownership for Native Hawaiians;
- Option 1: Business Incubator; or Option 2: Social Enterprise Community™

2. Summary of Market Potential and Source of Input Supply

- Enormous market potential since it has been successfully achieved in other cities; there is little or no completion here in Hawaii; Source of Input Supply is different for service business than a production based business and will not be explored, except to the extent of Input Supply by donors to fund the initial Business Incubator or Social Enterprise Community™ (SEC).

3. Summary of Technical Features

- Business Incubator- one community center type building that would offer Technical Training and ongoing support; in addition to helping to seed the community with small businesses; but incubate a certain number of companies for a period of two years within the facility; promote community-wide business training and financial management to ensure the survival of the small businesses; offer office space, conference/meeting space, technology, computer access, printer, copier, phone, fax; administrative & bookkeeping support; education and training.
- Social Enterprise Community – owns the businesses and provides Technical Training through co-op participation and on-the-job training; may also employ non-violent persons from the justice system, or drug rehabilitation in a job-readiness training program. The facility would require several hundred acres of land; a complex of buildings (including the Business Incubator above) and multiple small manufacturing facilities and living quarters (possibly utilizing recycled metal shipping containers) and small manufacturing industrial park/ Equipment Storage/small co-op farm area.

4. Schedules of Net Benefits and Capital Requirements

- Business Incubator – Startup capital (Input Supply) would be come from grants, corporate donors and other community partners; Capital Requirements would be for one facility (a community center/business office space/technology/meeting/conference center/with parking), equipped with technology equipment, office furniture, technology and utility infrastructure; approximately \$4 million; Net Benefits: Using a "Cluster Based Economic Development" approach (US Dept. Of Commerce, Economic Development Administration)¹ would seed the community with similar or complementary startup companies, home-based small businesses, sole entrepreneurs, and peripheral businesses. Income would be generated from fees paid by the Incubated member businesses, classes, speaking engagements and promotions; however, the Business Incubator would still need ongoing supplemental funding from SBA/SBDC or other community partners ;
- The Social Enterprise Community™ (SEC) - Capital Requirements: for several facilities, infrastructure, startup manufacturing, equipment capitalization and construction would be roughly

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Page 4 of 16

estimated at \$30Million, and would come from Federal, State or Local legislative or grant funding. Net Benefits: Higher revenues and income would be generated from the businesses within the facility; administration and services would be provided low cost or free from the participants who would be participating in job training, and entrepreneurial training. Any "profits" from the business activities would go back into the non-profit for job training, equipment, and maintenance, and paid personnel.

5. Benefit-Cost Ratios and Internal Rate of Return

- a) To be determined during Master Planning

6. Summary of Benefits and Costs Associated with the Project

- a) To be determined during Master Planning

7. Proposed Financial Plan and Projected Cash Flows

- a) Due to the complexity of the projects, and number of business enterprises within the "SEC" Complex, Cash Flow Projections - To Be Determined during Master Planning

8. Recommendations for Implementation

- Our recommendation is that either project is viable and meaningful to the economic development of Waianae and as a business model for other low-income communities in Hawaii. The choice however, is magnitude of scale.
 1. The Business Incubator would have a smaller initial Capitalization Cost to build, staff and implement, however would have a smaller net impact on the community and would generate less self-sustaining income for its operations; and may require ongoing grant funding, if it does not meet target income from fees for consulting, corporate training, computer lab rental, teleconference center rental, and meeting/conference space rental. It would be our recommendation to start with the Business Incubator in a location (land area) that would accommodate expansion to a Social Enterprise Community™ /Complex later. With the new approved commuter light-rail system coming into the community, this would provide more accessibility for trainees to find jobs in Honolulu metro area, as well as allow those markets (Honolulu, Kapolei, Kunia, Ewa, Millilani, Haleiwa), business and startup companies to utilize the teleconferencing, computer lab, business library and meeting room space.
 2. The Social Enterprise Community™ (SEC) would have a much higher Capitalization cost, however the positive net benefits in terms of social impact, cohesiveness and community unity, comprehensive education and training for higher wage earners and small business/entrepreneurial training, community team building, sustainable long-term careers created from businesses that not dictated by local economy and local resources, community economic development (for the community, by the community) offering economic stability, long-term growth and incentives for Native Hawaiians would be enormous. The intent is not to bring in outside concerns, corporations or developers to the "Community", but to train trainers, seek out sponsors, mentors and community leaders to partner with; It would facilitate the local Waianae community to develop, train, and nurture its own local residents to enhance and maintain the Community using the Cluster-Based Economic Development model and imitating the accomplishments of the other successful programs like "Delancey Street Foundation" in San Francisco which has been operating successfully since 1975. (Refer to Attachments -A1- A-8 Delancey Street Brochure, Video and Website); ² (www.delanceystreetfoundation.org)
 3. Another business model is Chugach Alaska Corporation which has its own group of companies employing Native Alaskans to perform a multitude of services for the Federal Government, GSA, and Dept. of Defense including construction, computer/IT services, environmental, telecommunications services. (Refer to Attachments -B1- B11 Chugach Corporation)³ <http://www.chugach-ak.com/profile.html> and <http://www.chugach-ak.com/>

2. The General Setting of the Project Location

The general location of both Projects is Waianae; if successful the projects will be expanded or franchised to other areas.

3. Proposed Ownership, Structure and Management

- a) The Business Incubator would be a non-profit organization (would include community partnerships with SBA/SBDC/HWBC and other entities); would “facilitate” business and economic development; would house several start-up companies (for minimal fee) as well as offer support services to other entrepreneurs; It would also provide services to the public for a fee, with the funds being reinvested into the non-profit to supplement the income. The Business Incubator would have an Executive Director and a Board of Directors consisting of five members, and a Board Chair. Day-to-day management would be run by the Executive Director, while the Board and Chair would create Bi-Laws and Policy.
- b) The Social Enterprise Community™ (SEC) would be a non-profit organization, and would include a Business Incubator as described above, but would also own several businesses; The structure of the non-profit organization would be the same as described above; however in addition, the Enterprise Operations would be managed by the participants themselves; all participants would have real jobs within the organization, as if they were running their own businesses, or were employed; in exchange for work, they would receive free room and board, meals included for a period of 2 (with a renewal option);

4. Markets to be served and Existing Suppliers:

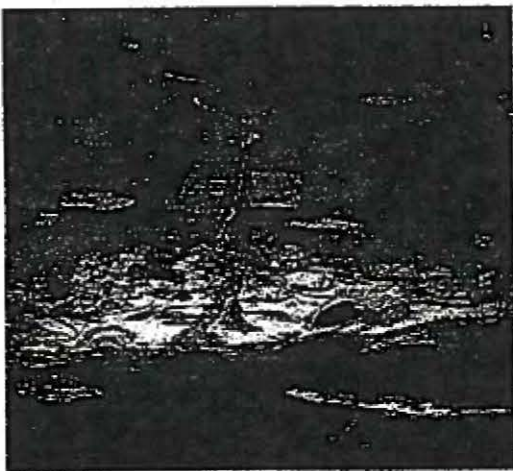
- a) The Business Incubator and the SEC would serve the local residents (market) of Waianae; however the businesses within each organization would market their products and services to other communities, within Oahu, out of state, and global markets as well as City, State and military procurement. Since neither facility has been built, there are currently no companies, and no suppliers;
- b) Target Markets for both projects will closely match those “Cluster-based Economic Development” Methodologies (Refer to Attachment D-1 to D-42 –“Cluster Based Economic Development”⁴ by Christian Ketels PhD, Harvard University & Michael E. Porter, Harvard University), based on environmentally friendly /socially conscious products & services, and using “*the advantages and resources of the location.*” However, based on Waianae’s (and Hawaii’s) unique characteristics (Hawaii’s high shipping costs, location, culture, dry climate in Waianae), we have made recommendations (based on further research), which are slightly different than the Standard Spatial Patterns of Industry Clusters. (Refer to Attachment D-43 to D-45 Intro to Cluster Economic Development –EDA).¹ (Refer to Attachment E-1- Industry Clusters Across America).^{5 8}
- c) Hawaii is in uniquely advantageous position 1) due to its location as a Hub for trade with foreign (Asian) manufacturers 2) Hawaii’s time zone offers an excellent opportunity for after-hour “call centers” for businesses, (i.e. physician’s offices) on the mainland, or help desk, or after hours IT services, etc. 3) Its isolation in the Pacific could elevated Hawaii as a uniquely “organic” state, if organic (non-GMO) farming practices were enforced.
 - High Technology (soft manufacturing, or import/distribution/drop shipping of computer components from Singapore, China, Malaysia.
 - Intellectual Property (training in Software, A+ certification, Cisco-routers)
 - Construction /Materials –“soft manufacturing” of SIPS – Structural Integrated Panel Systems (using soy-based Urethane (non-toxic) insulation (for pre-fabricated house construction)

D. Description of the Project:

1. Nature of the Project: (including technical processes, general size and location, kind of output, kinds of input, time horizon, etc.)

- a) Business Incubator: would be a approximately 10,000 to 12,000 SF two story office building /community center with classrooms; one facility containing (a community center/business office space/technology/meeting/conference center/with parking), equipped with technology equipment, office furniture, business library, computer room/teleconferencing meeting room, technology and utility infrastructure; on approximately 3 acres of land. The business Incubator would have minimal administrative staff to provide administrative and accounting support for the businesses. Classes and training would be provided to the incubator businesses at a minimal cost; the computer lab, tele-conference center, as well as business and accounting classes would be offered to outside corporations for employee training or to the community at large, for a fee.
- b) The Social Enterprise Community™ (SEC): would contain multiple facilities, retail space, locally made clothing and craft boutiques, and (Structural Integrated Panel System) SIPS Manufacturing and warehousing, surplus materials (architectural salvage) warehouse, a moving (trucking) and storage warehouse, Print Shop (Press & Screen print), transitional housing for participants and trainees, and permanent staff housing, and single family homes (rentals) made from the SIPS building materials or recycled shipping containers. (Refer to Attachments – C1- C2, “Proposed Site Plans”)

The participants of the program would be screened as local Waianae, low-income residents; priority will be given to Native Hawaiians particularly at-risk persons; it will be determined during Master Planning if the SEC (organization structure) will be equipped to handle “half-way house social services for participants who are incarcerated (eligible for early release), former felons, drug and alcohol addicted (as Delancey Street Foundation has done); After in-depth research into Cluster-based economic development and market research, the conclusions of this feasibility research are that the concept of this SEC is nothing more than a modern version of the ancient Hawaiian *Ahupua'a* or an Ohana. The concept of developing a modern Native Hawaiian *Ahupua'a* in the local Waianae community is in perfect harmony with the Mission of this organization: to create environmentally friendly communities, cultural preservation, sustainable prosperity and economic development for Native Hawaiians. The only difference in our Mission vs. the ancient *Ahupua'a* is that we will strongly promote and facilitate land and home ownership for Native Hawaiians.



Ahupua'a painting by Marilyn Kahalewai



“Kaneohe Watershed Project” c/o Board of Water Supply

- Architectural Antiques/ Architectural Salvage Warehouse; recycled high quality building materials; also volume sales of building materials
- Carpentry /Woodworking/Laminate Shop (proprietary products already designed; huge market on the mainland, but unique to Hawaii)
- Culinary Businesses /Restaurant school/Bakery Goods/ Value Added Products (unique products in addition to jellies, hand-made soaps, cosmetics)
- Agriculture (to supply local demand for organic produce & herbs and flowers for foreign perfume and essential oil manufacturers; trees and high-value wood; preserve sacred and endangered plants, farm or winery; (irrigated using water produced from proprietary methods),
- Import/Export/Distribution/Soft Manufacturing (assembly and distribution)
- Printing –Screenprint/Press (and boutique outlet, and mail-order center)
- Alternative Energy (using proprietary methods)
- Water (using proprietary methods)
- Furniture Bank (free to low income families, donated by students, families, businesses, individuals; returned furniture is credited and re-sold for more;
- Moving, Trucking, Transportation & Storage business
- Fish Market or Fish Distribution operation (Mail Order Fresh Fish)
- “Main Street” Revitalization – a shopping Mecca (boutiques, eateries; a “pedestrian friendly” place for people to come to browse and spend) like a Nantucket, Martha’s Vineyard or Lahaina; businesses owned solely by local small businesses belonging to local residents.
- Clothing & Craft Boutiques, Artisan Space, Art Classes, Galleries
- Home Building using recycled Matson shipping containers and SIPS panels

5. Input Supplies and Competitive Users:

- a) Suppliers for “soft manufacturing”, or above operations can be obtained through American and Foreign trade organizations and associations and local manufacturing, U.S. Dept. of Commerce, Thomas Register, and local resources. (To be determined during Master Planning Phase.) Suppliers for import/export & technology circuitry –proprietary;

6. Staffing Requirements and Sources

- a) The Business Incubator would have minimal administrative paid staff to provide administrative and accounting support for the in-house businesses and the public; Lectures, workshops and speeches would be provided by Board Members, visiting consultants and instructors from local organizations like S.C.O.R.E, Hawaii SBDC, and Hawaii Women’s Business Center, University of Hawaii, Chaminade University, and Hawaii Pacific University. In addition, guest lecturers would be invited from trade organizations, public speaking circuits, leading universities (Harvard, Wharton, MIT), as well as corporate leaders. The incentive for these speakers would be the opportunity to network with other local leaders, reciprocity (by arranging a paid speaking engagement in the local area), publicity, and/or government funding or corporate sponsorship.
- b) The Social Enterprise Community™ (SEC) would be operated and managed by the participants and residents; In addition to the Business Incubator as described above, the SEC would have a carpentry shop, a nursery, restaurant (restaurant school, bakery, community kitchen, value-added products, would also be staffed by people in the community with skills who would act as mentor, teachers or group leaders.

E. General Setting and Need for Project:

1. Physical, Economic, and Social Characteristics (members/Community) of the Project Area

- a) The 2000 Waianae Census data may be outdated and does not reflect the recent hardships caused by the recession in the last two year. The data does show conflicting or skewed information. (Compare Census Data –Refer to Attachment F-1 and F-9)⁶. Although Waianae remains an area that is chronically underserved, underemployed or unemployed as evidenced by the overwhelming number of families living on the beaches, 90% of whom are Native Hawaiian, the Census data does not adequately reflect the number of Waianae residents at or below poverty level, which is higher than other areas of Oahu. The Census Data (Refer to Attachment F-1- 2000 Census Data-Waianae Demographics)⁶ shows that Median Household Income for Waianae is \$46,717 (above the national average of \$41,994) this income level for Waianae is skewed by other higher-income earning residents (and includes the population of the up-scale DR Horton housing development, Seacountry-Nohokai (Refer to Attachment F-2 –Percent Persons Who Are Native Hawaiian-Waianae)⁶. The cluster of Native Hawaiian population shown in the above map is outside of SeaCountry development. If one notes the correlation in the demographics: there are 46.9% Native Hawaiians and 33.5% Asians and 16.1% Caucasians, living in Waianae. If one looks at (Refer to Attachment F-3- F-4 Waianae- Economic Sectors)⁶ the highest number of industries (also with the highest payrolls) are healthcare/medical, professional/scientific, real estate, food service and retail trade; also note there are 40.8% of the population within the \$60,000 to \$200,000 income range. This would skew the median income for Waianae (particularly the Asian and White population who own businesses, restaurants, construction companies, or are in high-tech, or professional jobs); this does not properly reflect the lower income of Native Hawaiians living in Waianae.
- b) Incomes are at least 30% less than the national average; the majority of the population is Native Hawaiian. Physical, Economic and Social Data (Refer to Attachment –F5-F8 – Waianae Economic Characteristics Data Sheet)⁶. The data shows a high number who are on social security, public assistance, retired (low income), unemployed (lay-off) or not employed. In addition Waianae Demographics - Social Characteristics (Refer to Attachment F-9)⁶ only 446 persons or 7% of the population has a Bachelors Degree or Higher – 7%); if this is the case, who are the individuals earning \$60,000 to \$200,000 in high technology, financial, and healthcare/medical professions. Could this possibly indicate outsider moving into Waianae, who are the higher income earners.

2. Description of the Problem Situation/ Barriers (which would be solved by the project)

- a) Waianae's unique characteristics have perpetuated its isolation and consistent lack of support by state and local governments. Waianae is isolated on the northwestern region of Oahu, separated by the Waianae Range. (Mt. Ka'ala the highest summit is used by the US Military and houses an FAA tracking station off limits to the public.) this has been a primary barrier to Waianae's economic development. (Refer to Attachment G-1 Waianae Map – Waianae Mountain Range and proposed access Road or tunnel) An access road or tunnel connecting to H2/Farrington Highway to Haliewa or Honolulu would help greatly in facilitating economic development and Government and Community support of Cluster Economic Development in Waianae. The future light-rail system will help in this regard if Waianae is included.
- b) The dry climate has made it difficult for farming or agricultural economies. This has been exacerbated by the diversion of Waianae's natural watershed/water by developers for high-end housing in the Ewa Plain/ Kapolei/ Makakilo areas in recent years. Ewa plain, which shares the same the Pearl Harbor Aquifer, (Refer to

Attachment G-2) with a large geographic area could not support the large number of housing developments built between 1990 and 2009. Therefore BWS approved the diversion of water from Waianae's stream-fed Aquifer (Refer to Attachment G-3) to Ewa Plain, Makakilo, Kapolei. (Refer to Attachment G-1A through G-4 – Oahu Watershed Maps);

- c) Statistically Waianae is considered a high crime area as documented by numerous newspaper reports and county crime statistics (previously documented in this original grant application), as well as high arrest rates for (Ice) drugs, alcohol, robbery, domestic violence, petty theft.
- d) Existing leadership, community groups, special interest groups have been unwilling to give up power, and control of what many consider "their market share" of grant and community funding. Instead of groups working in solidarity, as a cohesive voice (to request legislative reforms), the community has been dissident, and competitive to the point of snarling competition. Part of the problem is lack of trust. And it is no wonder, considering the many times in which the community has been exploited (by outsiders); however, it is not always outsiders who bring exploitation. The purpose of the Projects (Business Incubator or the SEC is to create partnerships within the community; to have transparency, with input from community leadership as well as the residents.
- e) Assuming that Waianae has a lack of resources; or not properly cultivating Waianae's existing renewable resources. Alternative energy projects (water, energy, bio fuel, aqua farming). The co-generation would be shared with the entire community, hopefully taking Waianae "off the grid". If we create economic development, and prosperity, it should be shared with the community at large, not as a hand-out, but as an incentive for work programs (co-op work/volunteer in exchange for free energy, food (co-op farm) and water. A modern Ahupua'a.
- f) In the past, deficiencies in infrastructure, lack of shared interest in improving the community, a lack of mutual trust, high crime, low education, low employment, lack of adequate or high-speed transportation, lack of a knowledge/methodology to organize a unified effort among the community to improve quality of life; and the lack of skilled and ethical individuals to act as leaders , role models and mentors. This is not to say that there have been no programs in the past to improve Waianae; the key word here is resistance. Resistance on the part of the community to change, and resistance on the part of State and local government and organizations to change the way they administer services (social services, grants, programs).
- g) A typical example of this lack of support is that the author while working as a project manager for a large civil general contractor (GC) in Honolulu, was involved in a volunteer program several years ago to do (minor) repairs for Waianae Coast schools. One of the volunteer projects was to install donated fans in the classrooms for all the schools. After observing the debilitating effects suffered by the children to the heat, it was clear that the fans were simply not enough. The author went to the owner of the GC and requested that we obtain permission to install air conditioners instead. The owner of the company stated that if I could organize it, that they would donate the manpower and equipment. I went to all subcontractors, (mechanical, electrical, etc.) and requested their help. All gave their commitment to donate manpower and (operating) equipment and even donate money as well; some went as far as getting donations of air conditions from their local suppliers. We went back to one school to ask permission. The school was delighted. However, upon

inspection by the electrical contractor, it was discovered that the power grid (Waianae) (not just the transformer for the school) could not handle the load of even one school upgrade. (No response from the county on who would pay for the upgrade.) It was also explained by the electrical contractor that upon his research, he learned that a large new development (several hundred houses) was recently built in the area. The developer had built its own electrical substation to feed the development, but did not share the infrastructure with the rest of the Waianae community. It is the author's supposition from past experience in land planning and site development, that a developer is required to pay "points" as a contribution to the community, by sharing infrastructure with the community, or at the very least, offer the community municipality the opportunity to concurrently upgrade infrastructure while the development is under construction. For Waianae, it appears that this was not the done. The volunteer effort to upgrade the Waianae coast elementary and middle schools with free air conditions was dropped. (Hence one of the reasons for the formation of this non-profit).

4. Impact and Consequences on Members (and the Community if Needed)

- a) This community has nowhere to go but up. It has been exploited, help up to public ridicule, scorned, ignored and left to fend for itself. Additionally, all efforts and programs so far have been diluted by scattered programs and services, often not advertised; the end users who need the services the most, have not received the benefits, too little too late (Kahikolu Ohana).
- b) In addition, other programs have further drained the community because they depend on constant funding year after year from outside sources, such as government and private grants and legislative funding.
- c) This project (Business Incubator and the Social Enterprise Community™, once operational, would be completely self supporting, and self sustaining through income generated by its own business enterprises.
- d) Finally the positive impact on the community would be enormous. If this program (The Delancey Street Model) has worked successfully in some of the country's poorest ghettos, and hardest, most drug ridden neighborhoods (New York, San Francisco, Los Angeles) it can work in Waianae.

F. Market Potential for Goods or Services, Markets Served (current and future):

1. Form and Quality of Product or Service, Markets Served and Channels Used

- a) As outlined in *Item D.4. Markets To Be Served* pgs 7 & 8) of this report, the products and services to be offered have already been proven in other markets. (See Attachment H-1 to H-7 National Employment and Wage Ranking of Local Clusters)⁶. In addition, the market for these goods and services have already been established; as well as demonstrated ability to transform "Depressed Areas" (like Pittsburgh, PA and Massachusetts (old mining towns), into vibrant and thriving "pedestrian-friendly" communities without "gentrifying the neighborhood" so much so, to the point of displacing or encroaching on the existing local residents. Even taking into consideration Hawaii and Waianae's unique characteristics and the failed economy these industry clusters still remain in demand: (Local Healthcare services, Financial services, High Technology, Construction Materials, Construction Services (small local contractors, carpentry, handyman services), hauling, transportation and storage, printing services, import/export, food and food services;

2. Projected Total Demand in Markets to be Served

- a) Due to the fact that so many products and services will be housed under one roof, there was no way to do an in depth Market Research/ Break Even Analysis for each one of these businesses as outlined in (Item D.4. Markets To Be Served – pgs 7 & 8), and is beyond the scope of this Study. This will be explored in depth during Master Planning Phase, and funding is procured. Suffice it to say that from personal experience as both a Business/Marketing Consultant (market research and sourcing products for customers and clients) each and every one of the business enterprises is already a unique and successful concept in other cities; these businesses are not dependent on walk-in trade, so location in Waianae is not a problem, in fact the isolation is an asset; each one of the businesses is already in demand here in Hawaii, or can be easily adapted to fit the local market as well as National, or foreign markets; the market / demand for these products is are universal.

3. Projected Competitive Supplies and Services

- a) Products and Services as outlined in (Item D.4. Markets To Be Served - pgs. 7 & 8); (Refer to Attachment I – Details of Proposed Products and Services);
- b) The products described above have huge market potential, because they have been tested in other areas on the mainland and are highly successful, even in a down market; In addition, these products can be duplicated/manufactured here with minimal complicated equipment, zero pollution, and with existing renewable resources (or easily imported);
- c) Example: For some of the products (like high-end, break-down, or custom laminate furniture), the author performed in-depth market research; the demand and the need (for specific products like built-in furniture) is high here on all islands of Hawaii (due to limited space), however the product selection is limited, outrageously expensive, very low quality and toxic (flimsy fiberboard made with toxic formaldehyde) (as compared to certain laminate furniture that we plan to duplicate); there are no products that fill this particular market –like LEEDS certified, non-toxic zero-formaldehyde emission products). The demand is huge, escalated by the Presidents Energy Initiatives. We have other similar building products.
- d) Another advantage are products that utilize unique Hawaiian (renewable) natural resources that are in high demand elsewhere (US, Australia, Japan);
- e) We plan to use the C2C – Cradle-to-Cradle^{CM²} environmentally intelligent design (Refer to Attachment J -1 and J-2 – Cradle To Cradle)
- f) Yet another competitive product is SIPS (Structural Integrated Panels)

4. Sales Potential and Projected Sales Prices

- a) Business Incubator – Operating costs would be approximately \$10,000 per month as determined from the cost of operating a similar size business office; (includes administrative salaries, overhead and utilities; excludes repayment of cost of construction or loans). In order to Break Even, the Business Incubator must sell Training Services, collect rent from Resident Businesses, and fees from renting the Teleconferencing and Meeting Room Facilities (sales of refreshments from an attached café or kiosk); In order to break even, the facility must generate at least \$500 per day in income (from fees);
- b) Break Even Analysis for each of the business enterprises listed in (Item D.4. Markets To Be Served - pgs. 7 & 8); - To be determined during Master Planning Phase;

5. Marketing Plan and Projected Marketing Costs

- a) Outreach and Education Events; Fund Raisers, free public service announcements; host local CCTV awareness programs, Press Releases (and relationships with local journalists), Special Interest Featured Story in Pacific Business News Journal (the author has already contacted the publisher); Featured Story status in the Honolulu Advertiser and Star Bulletin; Speaking Engagements and Presentations at the Chamber of Commerce and Honolulu Business

Magazine's hosted "Beer & Business Meetings"; solicitation to corporations for employee training services; partnerships with Hawaii SBDC and Hawaii Women's Business Center (already interested/committed); Legislative Request For Proposal (for startup costs); Public and Private Grant solicitations (for startup costs); Featured stories in Entrepreneur Magazine and similar trade publications; Following the model of Delancey Street Foundation (acquired through training classes with the Delancey Street Foundation); Marketing to the Waianae Community (for beneficiaries) through the Neighborhood Board Meetings, churches, community events, schools, shelters, and families living on the beach.

G. Raw Material Supply Potential and Procurement Plan:

1. Form and Quality of Materials Required and Potential Supply Sources

- a) Raw materials, computer components, wood materials for the SIPS panels: China, Malaysia, Taiwan, Singapore; as well as local and US suppliers. Many products sold in volume will actually be "factory direct" or drop shipped. Some things like craft or woven goods will be made locally from out of state resources (value added products). Sources proprietary;

H. Supply of Labor and Other Key Inputs:

1. Form and Quality of Labor and Other Inputs Required

- a) Local residents, families wanting to better themselves, homeless, or in shelters, people incarcerated (non-violent offenders), former felons, or in drug and alcohol rehab programs;

2. Projected Total Supply from Sources Planned

- a) No shortage; unemployment is at approximately 20%; also refer to Census Employment Data

3. Acquisition Plan, Training Program and Projected Acquisition Costs

- a) The initial Training Program and Acquisition Costs will be a part of the initial Start-up Costs; To be determined in the Master Planning Phase;

I. Technical Characteristics and Specifications:

1. General Design and Technical Requirements

- a) (Refer to Attachments – C1- C2, "Proposed Site Plans & Conceptual Drawings")

J. Development Schedule and Production Plan:

1. Sequence of Development and Construction; Critical Points in Sequence

- a) Grant or Legislative Funding - Master Planning Phase 1 (possible Fast Track)
- b) Partnership Initiatives and Institutional Network with Key Players (Refer to Attachment K1 – K-2 – "Competitiveness of Rural Clusters" - Pg 42 Institutional Key Players)⁸
- c) Grant or Legislative Funding – Construction (if not covered by Fast Track above (Refer to Attachment K-3 & K-4 – Government's Role in Cluster Development)⁸)
- d) Concurrent Federal "Main Street Revitalization" Funding
- e) Operation/Implementation- Benefactors/Participants/ Training
- f) Full Operations/ Economically Self Sustaining Enterprises

K. Capital Requirements and Investment Schedule:

1. Estimated Capital Cost for Major Facilities and Equipment

- a) Business Incubator – based on cost estimate of a similar office building complex in Kapolei, a recent estimate was approximately \$297/s.f.. estimated S.F of building 10,000. SF for approximate Subtotal of \$2.97Million plus \$500,000 for 4 acres of land and site development = \$3.47 Million. (includes site development, land/parking lot, office space, meeting/conference room, reception, Teleconference Facility, computer lab/training room; possible space for community kitchen/bakery/restaurant school.)
- b) Social Enterprise Community™ (Facilities) would contain a minimum of 200 to 300 acres of land with the Business Incubator plus several other business enterprises and warehouses. Warehouse cost of construction is generally lower than business/office space. It is also

undetermined what buildings or businesses will be onsite. Therefore, Capital Costs cannot be determined at this time; to be determined during Master Planning.

2. Estimated Capital Cost for Marketing and Other related Facilities

- a) An estimated \$750,000 would be needed for Master Planning (Architects/Engineers/Regional Planners), Environmental Impact Study, Archeological Study, professional (paid) Market Research, prepare Marketing Plan and Business Plan (for funding); and Market the project to Institutional Key Players (Refer to Attachment K1 – K-2 – “Competitiveness of Rural Clusters” - Pg 42 Institutional Key Players)⁸

3. Replacement Schedules for Equipment and Facilities

- a) To be determined during Master Planning; anticipated design is for all new facilities; therefore replacement cost would not effect the project in the near future.

4. Estimated Working Capital Requirements

- a) To be determined during Master Planning

5. Schedule of Estimated Total Capital Investment

- a) To be determined during Master Planning

L. Sales Plan and Revenue Schedule:

- a) To be determined during Master Planning

M. Projected Operating Costs and Net Revenue:

- a) To be determined during Master Planning

N. Economic Feasibility of Project:

- a) To be determined during Master Planning

1. Present Value of Investment and Net Benefits Schedules at Alternative Discount Rates

2. Benefit-Cost Ratios and Internal Rate of Return for Project

3. Sources and Schedule of Benefits Associated with the Project

4. Sources and Schedule of Costs Associated with the Project

5. Present Value of the Combined Schedules of Associated Benefits and Costs

6. Project Potential in Relation to the Opportunity Cost of Capital, and Summary of Economic Feasibility

- (Refer to Attachment L 1 – L-47– A Governor’s Guide to Cluster-based Economic Development)⁹ and
- (Refer to Attachment M-1 to – “Just Clusters – Economic development Strategies that reach small places”) ;¹⁰
- (Refer to Attachment K-4 – Productivity, Innovaton and Business Environment - Michael. E. Porter, Harvard University)⁸
- Refer to Attachment N- Unlocking Rural Competitiveness –only Pgs 1thru-3 of 224¹¹

7. Sensitivity Tests-What if Prices and Costs Changed by Various Amounts

8. Other Financial Ratios as Needed by Project

P. Financial Plan for Project:

1. Proposed Equity Investment by Source of Funds

- a) To Be Determined during Master Planning (Refer to back to Attachment K1 – K-2 – “Competitiveness of Rural Clusters” - Pg 42 Institutional Key Players)

2. Proposed Sources, Schedule and Terms of Loans for Meeting Balance of Capital Requirements

3. Projected Cash Flow by Sector under Proposed Financing Plan

4. Projected Schedules of Depreciation, Interest and Taxes
5. Pro forma Balance Sheets and Operating Statements (3 years)
6. Pooling Arrangements
7. Pro forma Source and Application of Funds
8. Summary of Financial Plan and Recommendation for Implementation
9. Impacts on Members: Impact on the Cooperative

Q. Appendices and Notes:

1. Resume or Credentials of Person or Company Who Completed the Study

(Refer to back to Attachment O – Resume – Lauren Davis-Hudson, Executive Vice President and Board Chair

BIBLIOGRAPHY

3. List Footnoted Sources for the Document

- ¹ Economic Development Administration <http://www.eda.gov/Research/ClusterBased.xml#Loc>
- ² Delancey Street Foundation <http://www.delanceystreetfoundation.org/ourstorv.php>
- ³ Chugach Alaska Corporation <http://www.chugach-ak.com/>
- ⁴ "Cluster-Based Economic Development" by Christian H.M. Ketels
http://www.isc.hbs.edu/pdf/EDA_Annual_Conference_2003.04.09_CK.pdf
- ⁵ Harvard School of Business – Cluster Mapping Project *Michael. E. Porter, Harvard University*) <http://www.isc.hbs.edu/econ-clusters.htm>

- ⁶ 2000 US Census Data:
http://factfinder.census.gov/servlet/SAFFacts?_event=Search&geo_id=& geoContext=& street=& county=Waianaes& cityTown=Waianaes& state=04000US15& zip=& lang=en& sse=on&pctxt=fph&pgsl=010&show_2003_tab=&redirect=Y
<http://www.epodunk.com/cgi-bin/incomeOverview.php?locIndex=27902>
<http://waianaehi.htu.myareaguide.com/demographics.html>
- ⁷ Cradle to Cradle Design <http://www.c2ccertified.com/>
- ⁸ Competitiveness in Rural US Region *Michael. E. Porter, Harvard University*)
- ⁹ "Governor's Guide to Cluster Based Economic Development"
<http://www.nga.org/portal/site/nga/menuitem.9123e83a1f6786440ddcbeeb501010a0/?vgnnextoid=85e0303cb0b32010VgnVCM1000001a01010aRCRD>
- ¹⁰ "Just Clusters – Economic development Strategies that reach small places"
<http://www.ipfw.edu/cri/dev/PDF/Just%20Clusters%20Economic%20Development%20Strategies%20.pdf>
- ¹¹ Unlocking Competitiveness of Rural Clusters (chart)
<http://www.eda.gov/PDF/UnlockingRuralCompetitivenessFullReport.pdf>

URBAN LAND

An aerial, high-contrast black and white photograph of a dense urban neighborhood. The image shows a complex grid of streets and numerous buildings, with a prominent diagonal street cutting through the scene. The lighting creates deep shadows and bright highlights, emphasizing the three-dimensional structure of the buildings and the layout of the streets.

The Delancey Street
Foundation

SPECIAL AWARD

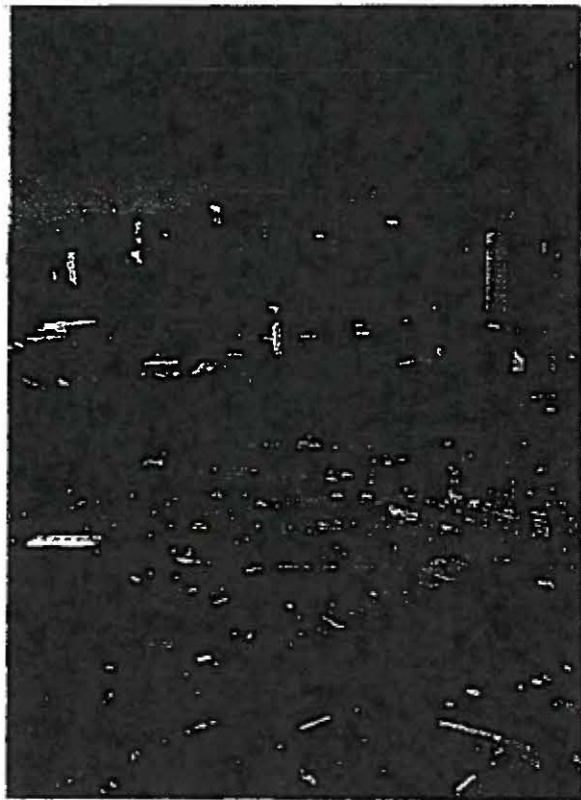
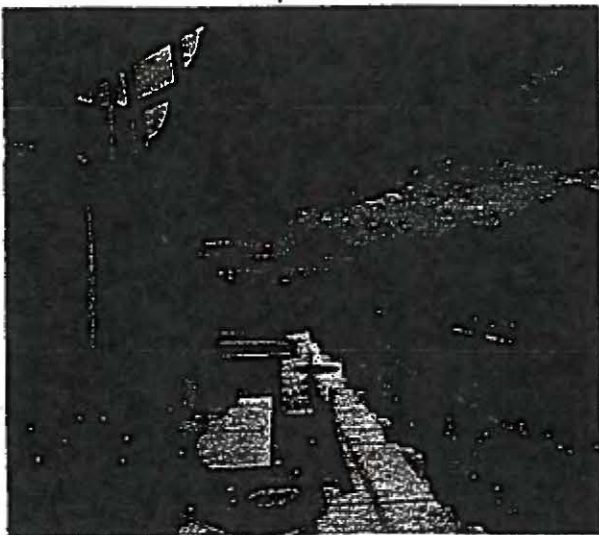
The Delancey Street Foundation

The Delancey Street Foundation is an innovative and highly successful rehabilitation program for substance abusers, prostitutes, homeless youths, and hardened criminals. The project incorporates living quarters and workplaces for the foundation's residents in a self-supporting, mixed-use community on a challenging development site.

The Delancey Street plan integrates residential, industrial, and commercial components into a 325,000-square-foot, four-story building. The ground floor is tailored for commercial vendors—made up both of Delancey Street residents and others—with all profits supporting the foundation. The top three (residential) stories house about 500 people. An interior courtyard holds a health club, a 500-seat assembly hall, and a 150-seat screening room. Underground is parking for 179 cars and an auto-body repair shop.

Despite a spectacular waterfront location, development on the site was challenging because of its triangular shape, high water table, and height limits. The project was designed to balance green space; internal pedestrian streets; recreational areas; and residential, retail, and industrial components. All construction materials, furnishings, and design services for the project were donated. The project was built entirely by its residents, who also were involved in the design process.

Delancey Street makes a significant aesthetic, economic, and sociological contribution to its immediate community and to the community at large. The project facilitates the rehabilitation of its residents by providing them with amenities that enable



them to live and work with pride; its participants have achieved a sense of accomplishment by building the community themselves. Its design contributes to a new standard in a redeveloping area.

Official Statement of Award

"The Delancey Street Foundation testifies to what can be accomplished when the disadvantaged of society are afforded opportunity. Using their own hands and braced by sheer determination, the residents of the foundation have created an urban mixed-use center on a par with any project that profit motive alone could build. The project embodies the spirit of hope in rebuilding for the future."

Project Data

Location: San Francisco, California
Developer: The Delancey Street Foundation
Architect: Backen Arrigoni & Ross, Inc.
Size: 325,000 square feet
Residential Units: 177
Completed: 1991

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WHO WE ARE

[WHAT WE BELIEVE](#)

[HOW WE WORK](#)

[OUR STORY](#)

[OUR STRUGGLES](#)

[OUR ACCOMPLISHMENTS](#)

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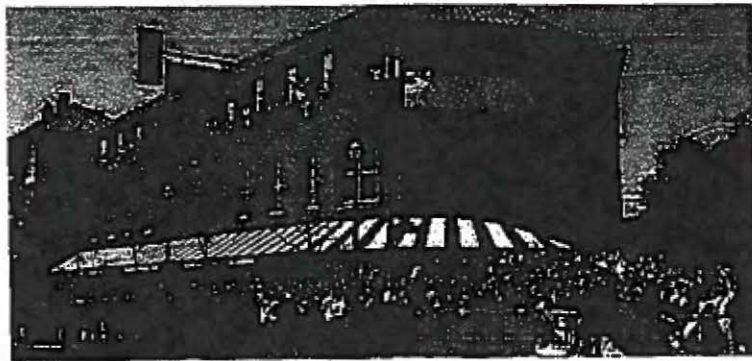
Who We Are

We are a community where people with nowhere to turn, turn their lives around.

Delancey Street is the country's leading residential self-help organization for former substance abusers, ex-convicts, homeless and others who have hit bottom. Started in 1971 with 4 people in a San Francisco apartment, Delancey Street has served many thousands of residents, in 5 locations throughout the United States. Residents at Delancey Street range from teenagers to senior citizens, and include men and women and all races and ethnicities. The average resident has been a hard-core drug and alcohol abuser, has been in prison, is unskilled, functionally illiterate, and has a personal history of violence and generations of poverty.

The minimum stay at Delancey Street is 2 years while the average resident remains for almost 4 years – drug, alcohol and crime-free. During their time at Delancey Street, residents receive a high school equivalency degree (GED) and are trained in 3 different marketable skills. Beyond academic and vocational training, residents learn important values, and the social and interpersonal skills that allow them to live successfully in the mainstream of society.

Any act of violence, or threat of violence, is cause for immediate removal from Delancey Street. Interestingly, former gang members, who have sworn to kill each other, live and work together peacefully starting in dorm-rooms and moving up into their own apartments. Residents learn to work together promoting non-violence through a principle called "each-one-teach-one" where each new resident is responsible for helping guide the next arrival.



Related Media

- [Delancey Street Foundation on Oprah](#) (Quicktime)
- [Delancey Street Foundation on The Discovery Channel](#) (Quicktime)
- ["Delancey Street: Where Drug Addicts, Criminals, and The Homeless Go to Turn Their Lives Around"](#) (A&E Biography, 08/97)
- ["Crossing Delancey"](#) (Hope Magazine, 02/97)
- ["Where Life's Losers Are Building New Lives"](#) (New York Times, 03/89)
- ["Passionaries, Turning Compassion into Action,"](#) (Templeton Foundation Press, West Conshohocken, PA., 2006)
- ["The Heart of America,"](#) (Health Communications, Inc., Deerfield Beach, Fl., 2004)

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WHO WE ARE

WHO WE BELIEVE

HOW WE WORK

OUR STORY

OUR STRUGGLES

OUR ACCOMPLISHMENTS

OUR FACILITIES

OUR ENTERPRISES

OUR PRESIDENT

OUR GRADUATES

THE DELANCEY CIRCLE

Search >

How We Work

We function as an extended family, rather than a more typical program. Our daily operations are not funded and we charge no fees. We pool all our resources. No one draws a salary including our president. There is no staff. The whole place is run by the residents themselves. All money is funneled into the community, and each resident receives food, housing, clothing, education, entertainment and all other services at no cost.

We take applications from people who have hit bottom, from prison, jail or walk-ins. Residents who have been at Delancey Street awhile interview all applicants. The minimum stay is 2 years; the average stay is 4 years. We have 3 rules: no drugs or alcohol, no physical violence, and no threats of violence. The goal is to learn to lead a productive crime-free, drug-free life of purpose and integrity. Everyone learns a marketable skill (the goal is 3 skills), and earns at least a high school equivalency degree. Advanced education is available.



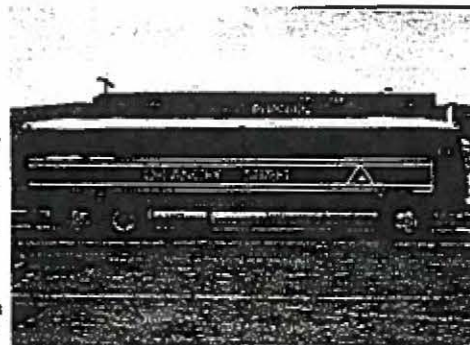
Residents tutor one another to achieve a high school equivalency degree, followed by a 2 year liberal arts core curriculum. Residents may pursue college degrees through a special program with San Francisco State University.

First we teach our residents personal skills: how to break old habits, how to get along with other people, particularly those different from us. Many have been homeless, so we teach basic hygiene. Most have never had jobs, so we teach basic work habits – showing up on time, listening to a boss, and getting along with coworkers.

When ready, residents enter one of our vocational training schools – where with training from more experienced residents, they start at the bottom and work their way up. In the restaurant, for example, one can go from dishwasher to prep cook to line cook to managing chef.

We offer tutoring to our residents to complete a high school equivalency education followed by college courses; and for those who stay 3 years we have our post secondary Academy accredited by the State of California. Delancey Street's own residents do the teaching and tutoring. As in our vocational training, the method is "each-one-teach-one". If you read at an eighth grade level, you can teach someone who reads at a sixth grade level – and you get better by helping others. We have also partnered with San Francisco State University, for an Urban Studies Bachelor's Degree program, and Golden Gate University, with our own, chartered campus for those who stay longer at Delancey.

As our academic and vocational training developed we began working on a semester system. Accordingly, like the best universities, people can take a "semester abroad". Our bus goes from facility to facility each semester allowing someone who entered in New Mexico to spend a semester in New York and someone who entered in North Carolina to spend a semester in Los Angeles, etc.



We learn about ourselves and how to develop our strengths, not through therapy groups, but through actually practicing life skills, living, working, and interacting in the community. When mistakes are made, we learn to acknowledge them, take the consequences (our punishment is extra work, usually doing the dishes) and most importantly, because we are in a safe environment we can fix the mistakes. In this way, we replace old self-destructive habits with new strengths, talents, and a sense of responsibility.

When ready to graduate from Delancey Street, residents get a job and live in and work out for several months, saving their money in our Delancey-managed credit union, and paying rent until they can move on to continue their new lives in the mainstream of society.

For a more detailed description of the model, read "Mimi Silbert's Process of Mutual Restitution," Chapter in the book, "Mental Health and the Self-Help Revolution".

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- WHAT WE BELIEVE
- HOW WE WORK
- OUR STORY
- OUR STRUGGLES
- OUR ACCOMPLISHMENTS
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 - Moving & Trucking
 - Paratransit
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 - Screening Room
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 - Xmas Trees & Decorating
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Automotive and Truck Repair
 x 261
 5102
 FAX

Vehicles
 415-512-5103
 415-512-5113 FAX

Our Enterprises

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Social Entrepreneurship

Delancey Street is considered a pioneer of social entrepreneurship development in America – developing business skills to help solve social problems. Since 1972, Delancey Street has created 12 successful ventures that have trained residents in marketable skills, created positive interactions between residents and customers in the community, and helped support the organization financially. These include:

- Crossroads Café, Bookstore & Art Gallery
- Catering & Event Planning
- Delancey Coach (Corporate Private Car Service)
- Digital Print Shop
- Handcrafted Furniture, Ironworks, Plants & Glass, Ceramics
- Landscaping
- Moving and Trucking
- Paratransit Van & Bus Services
- Restaurant
- Screening Room
- Specialty Advertising Sales
- Christmas Tree Sales and Decorating



Central Office Computer Lab

While our enterprises' pooled earnings provide about 60% of our annual budget, our emphasis has always been people before profit. Our goals in the design and operation of our enterprises are:

1. Teach residents to interact positively with the public;
2. Help educate the public about the positive changes ex-felons and former substance abusers can make;
3. Teach marketable skills to the formerly unskilled; and
4. Earn income.

Vocational Training Programs

Each resident at Delancey Street learns 3 marketable skills by working in Delancey Street training schools. These include at least one manual skill, one clerical/computer skill, and one interpersonal/sales skill. For most residents, who have never held a job in their lives, this requirement is as challenging as it is rewarding.

The vocational training schools, managed and taught by residents themselves, are accredited by the State and award certificates for skills learned. Some of the training schools, such as a restaurant and a moving company, generate funding for Delancey Street that supports the Foundation's activities. Some of these training schools do not earn income but are central to the basic operation of the organization, for example, accounting, automotive and construction. Current vocational programs include:

- accounting and bookkeeping
- automotive & truck mechanical repair and painting
- Christmas tree sales and commercial decorating
- coach & paratransit transportation services
- coffeehouse, art gallery & bookstore
- construction and property management
- digital printing and banners, silk-screen, and framing
- film screening
- handcrafted wood, terrarium, iron works and furniture
- moving and trucking
- retail and advertising specialties sales
- restaurant, catering, event and wedding planning
- upholstery/sewing
- warehousing
- welding

The challenges and rewards are many. For example, since residents learn to maintain all the Foundation's financial records, many graduates have gone on to become professional bookkeepers, accountants and CPAs. Over a thousand graduates work in the moving and trucking field and several graduates own their own companies.



Accounting

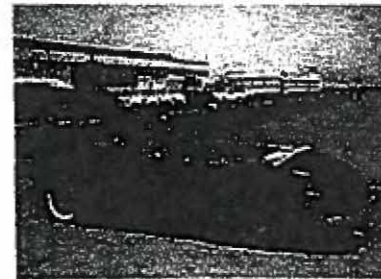
Our Automotive Department provides complete instruction in basic auto mechanics, oil changes, tire changes, tune-ups, routine general maintenance and complete engine repairs. Residents work on a wide range of vehicles from passenger cars to diesel rigs, tractors and heavy-duty equipment. The Automotive Department services over 100 vehicles at any given time. In addition to mechanics and body-work, it offers practical experience in antique car restoration.

To date the Foundation has refurbished eight antique cars, including a 1916 Willys Overland Convertible, a 1919 Cadillac Convertible, a 1928 Graham Pickup Truck, a 1931 Chevrolet Phaeton Convertible, a 1936 Bentley Sedan, a 1940 Buick Phaeton Convertible, a 1941 Buick Convertible, and a 1947 Buick Convertible, as well as a 1930 General Motors Double Decker Bus, and residents have learned engine and chassis rebuilding, electric wiring, body work, painting, and upholstering. Numerous of our antique cars have won prizes in various Concours d'Elegance competitions. Many graduates work as mechanics (automotive, truck, diesel, airplane); several own their own shops.




Automotive mechanic training school.

The Building Trades offer an important training opportunity for residents. All Delancey Street facilities have been brought up to occupancy standards and building code specifications solely through the efforts of our residents learning construction skills under the direction of residents holding contractors' licenses. Each of the Foundation's five sites reflects architecture unique to its cultural and geographic influences; each has been enhanced through the introduction of improvements (restoration, remodeling, rehabilitation, new construction) conceived and carried out by resident craftsmen. Over 1,000 graduates work in the building trades. Hundreds are general or electrical or plumbing contractors; many more are Building Trade Union members.



1940 Buick, restored by residents.

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-  ["Best of San Francisco - Best Movers" *San Francisco Weekly* \(2001\)](#)
-  [Glauer, Michael J. "America's New Heroes". Chapter in book *"The Business of the Heart"*, Deseret Book Company, Salt Lake City, 1999](#)
-  ["Delancey Street Fills Both Body and Soul" *The San Diego Union-Tribune*, \(7/99\)](#)
-  ["Delancey Street's Business Keeps Getting Better" *San Francisco Business Times* \(3/96\)](#)
-  ["Service with a conviction" *London Financial Times* \(6/99\)](#)
-  [Meszkowski, Katharine. "She Helps Them Help Themselves" *Fast Company* Jun./Jul. 1998.](#)
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-  ["Ex-Convicts are Serving Blintzes Instead of Time" *New York Times*, 3/89\)](#)
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-  [Malta, Stephen. "Delancey St. Ex-Cons Mean Business" *San Francisco Chronicle* \(3/87\)](#)
-  ["The New Heroes - Dreams of Sanctuary" 2008](#)
-  ["The Jane Pauley Show Changing The World" - 1/05](#)

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WHO WE ARE
WHAT WE BELIEVE

HOW WE WORK

OUR STORY

OUR STRUGGLES

OUR ACCOMPLISHMENTS

OUR FACILITIES

OUR EMPLOYEES

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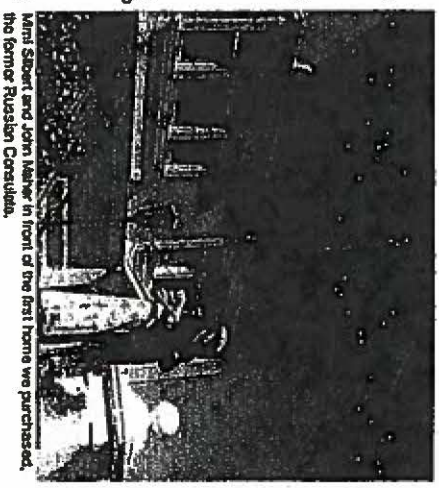
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In 1971 Delancey Street began with 4 residents, a thousand dollar loan, and a dream to develop a new model to turn around the lives of people in poverty, substance abusers, former felons, and others who have hit bottom, by empowering the people with the problems to become the solution.

We began by taking residents into a small apartment in San Francisco, run by an ex-felon, John Maher, a visionary, fiery orator and charismatic leader. Rather than following the traditional non-profit model of hiring a staff and procuring funding, we chose instead to follow an extended family model. Those of us who could work did traditional jobs and contributed our salaries. (Mimi Sibert, for example, had a doctorate in Criminology and had numerous consulting, teaching and other professional experiences. She worked and contributed her salary.) Everyone did something to contribute to our community. Someone who could cook became our "head chef". Someone who knew how to hold a hammer became the "head of construction". Whoever could read tutored those who could not. We pooled our talents and our funds and within 2 years, we purchased our first building and had 80 residents, all learning, teaching and helping each other.

The first home we bought was the former Russian Consulate located in San Francisco's poorest neighborhood, Pacific Heights. It was also our first "Not In My Backyard" battle. Our two young pro bono attorneys, Mike Berger (who incorporated our organization in 1971, and now still on our Board of Directors, is an Administrative Judge) and Danny Wehrman (now a retired Judge and founder of JAMS - The Resolution Experts) formidably overrode legal arguments. Maher developed brilliant political strategies. Sibert brought residents around to neighbors to volunteer services. We knew that neighbors were worried that crime would go up and property values would go down because we were in the neighborhood. So we painted the neighborhood and crime went down; our construction department removed the mansion to ensure that property values would go up. Residents like Alvo Hitzery (then a "graduate" of every prison in California and Mexican Mafia gang member, now our Vice president and Maher "D" of our restaurant), and Joanne Mancuso (then an addict and now a California judge and a baker for the judiciary in the federal court in computer programs), and Mike Borts (then a heroin addict, now a Certified Public Accountant), sold mafia dealers when the most coveted prize was the promise not to move next door to you. Sibert, the neighborhood battle was being won by being good neighbors: by coded legal arguments and political negotiation, by humor and by the good will of everyone involved. Diane Felsen, our neighbor in Pacific Heights, then a member of the San Francisco Board of Supervisors, was the first key vote in our favor. By 1977, the battle was finally settled. When we moved from Pacific Heights to our newly self-built home on the waterfront (almost 20 years later), our Pacific Heights neighbors reported they were upset to see us leave.



Mimi Sibert and John Maher in front of the first home we purchased, the former Russian Consulate.

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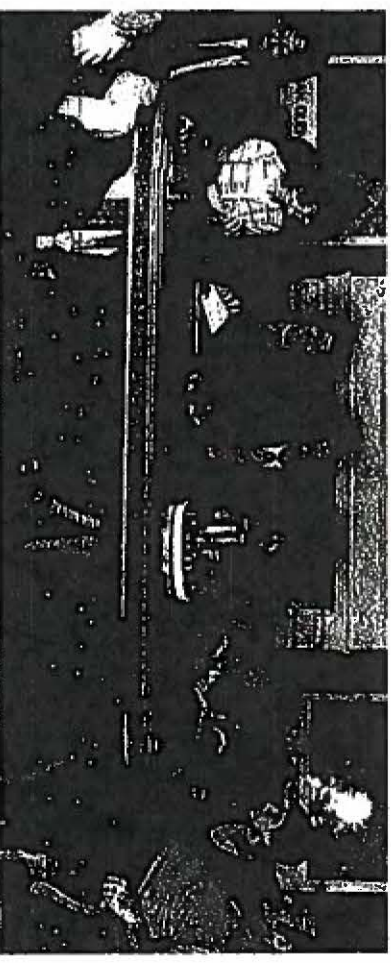
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When we began construction on our new home, then Mayor Feinstein offered support at every level. She turned over the first shovel of dirt at our groundbreaking, and in 1990 we completed construction of an expanded and centralized home on the waterfront. In the process, we purchased a new neighborhood in San Francisco, South Beach. This 400,000 square foot complex was primarily built and supervised by Delancey residents. President Mimi Sibert was the developer and Delancey Street was its own general contractor for the unique development called "a masterpiece of social design" by Pulitzer Prize winning architectural critic Alan Tanico. Covering an entire city block, this four-story complex contains street level retail stores, a highly acclaimed public restaurant, a screening room written up as one of the top three in San Francisco, a highly reviewed cab bookstore and art gallery, dwelling units housing about 500 that overlook a Mediterranean-style courtyard which also holds a vast array of educational and recreation facilities for the residents. This was an unprecedented vocational training program, providing over 300 formerly unemployed drug addicts, homeless people and ex-felons in Delancey Street every skill in the building trades (with the support of the Building Trade Unions) as well as training in purchasing, contracting, computer and accounting services. City officials were so proud that, upon completion of our complex, they renamed a section of First Street - Delancey Street.

In 1978 we bought a 17 acre ranch within a reservation on the San Juan Pueblo, in northern New Mexico and opened our first "Salsitas" Campus. We brought 15 residents from San Francisco, ranging in stay from 5 years to 5 months and using the same process we started with in San Francisco, whoever could cook became the head of Food Service, whoever had held a hammer became the Head of Construction.



Mimi Sibert and then San Francisco Mayor Dianne Feinstein and then L.W.U. President, Jimmy Herman break ground at the future home of the Delancey Street Foundation.



Here appear a historical photo about the Delancey Street credit union. (from left to right) (top) Fred Kiro, James, Sam Jones, Billy Malley, (1) General (left) Herman Nickerson, Sukey Libenthal, Mimi Silbert, Joanne Mancuso, Irwin Kritz.

In 1980 we bought a home in Brewster, New York, and repeated the start up process with 15 residents from San Francisco and New Mexico. In 1984 Jane Fonda let us temporarily use her home to begin a Delancey in Los Angeles. Later using the same start-up process, residents from other facilities re-built an uninhabitable apartment building owned by Santa Monica Hospital that they let us renovate in exchange for free rent. Finally in 1993 we purchased a 205 room hotel in midtown Los Angeles and expanded that population to several hundred people. In 1987 we bought a gracious southern home in the Fisher Park neighborhood of Greensboro, North Carolina. In the future we plan to develop a program for residents talented in the arts to live and study in the new home we are just restoring in Stockbridge, MA in which Norman Rockwell lived and painted for many years. After that there will be a home in a location yet unknown where we will bring 15 residents from the other 5 locations, then select someone who can cook to become the Head of Food Service, and someone who can hold a hammer to be Head of Construction...













Along the way, we started business training schools like a moving school and a restaurant that would teach our folks marketable skills, encourage positive interactions between our residents and people in the communities where we lived, and provide funding for Delancey Street by pooling all monies we earned. In 1973 we were awarded a federal charter with the National Credit Union Administration as the first credit union run by and for ex-convicts.

We became active in community issues, John Maher was a consistent speaker at Cesar Chavez's Farm Worker rallies. Mimi Silbert developed police training programs where Delancey Street residents enacted simulated crime scenes and look the cases all the way through to moot courts to help train police recruits. We spoke at schools to do drug and crime and violence prevention, and took seniors on day trips. We developed a Delancey "Insecurity Service" where we used former thieves to teach business owners how to better protect their merchandise from future thieves. We were helping our community and our community was helping us. Doctors and dentists and hair stylists started volunteering services. Corporations started donating products; friends donated money. People started using our moving school and buying trees from the lots we set up every Christmas. Our little moving school grew from one rented truck to some purchased big rigs and we began setting up Christmas tree lots up at every facility around the country as we garnered community support. Some of our first graduates were back in the community driving trucks and programming computers. Our academic classes started expanding from just high school equivalency to liberal arts college classes. We were struggling but we were slowly helping one another turn our lives around to become productive members of the mainstream of society.

There is no way to thank all the people who have made Delancey Street succeed. While our residents work hard and run the organization themselves, learning self-reliance and earning self-respect, we could never survive without the belief and support of all our friends. *The littlest dab of yeast makes the whole loaf of bread rise.*

More than 35 years later we remain true to our mission. We have been taking in as residents representatives of our society's most serious social problems and, by a process of each one helping another, with no professionals, no government funding, and at no charge to the clients, we have been solving these problems: generations of poverty, illiteracy, lack of job skills, hard core substance abuse, homelessness, crime, violence, teen pregnancy, and emotional and physical abuse. After an average of 4 years (a minimum stay of 2 years), our residents gain an academic education, 3 marketable skills, accountability and responsibility, dignity, decency, and integrity.

Related Media

-  ["Second Chances" Northern California Woman \(12/92\)](#)
-  ["Julian Look for Delancey Street Complex" San Francisco Chronicle, \(12/89\)](#)
-  ["Ex-Cons Form Credit Union," San Francisco Examiner \(9/73\)](#)
-  ["Ex-Con a Success as Rehabilitator," Los Angeles Times View Magazine, \(4/77\)](#)
-  [McMahon, Bob, "Rehabilitation center turns opponents into supporters," Gannett Westchester Newspapers 14 Jul. 1985.](#)
-  ["Rehab paradise for ex-cons abusers," San Francisco Examiner, \(5/90\)](#)
-  ["Delancey Street Foundation. At S.F. center, Ex-Cons rebuild desperate lives," The Sacramento Bee, \(2/90\)](#)
-  ["Therapy, Delancey Street Style: Pride, Productivity but No Paycheck," San Francisco Magazine \(1/81\)](#)
-  [Beals, Melba, "John Mayer and Mimi Silbert Among The Ex-Cons at Their Rehab Center," People Magazine 3 Apr. 1978.](#)
-  [20/20 - "The Power of Mimi" \(12/89 - Quicktime\)](#)
-  [ABC World News Tonight w/Peter Jennings \(12/90 - Quicktime\)](#)
-  [Sunday Morning with Charles Kuralt \(CBS\) - \(12/88 - Quicktime\)](#)



John Maher about to address farm workers.



Mimi Silbert and Delancey Street residents training San Francisco police recruits.



Delancey Street's Insecurity Service. Can you spot the shoplifter?

Chugach Alaska
SUBSIDIARY DIRECTORY
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- EDUCATION SERVICES
- ENVIRONMENTAL
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- EMPLOYEE NEWSLETTER

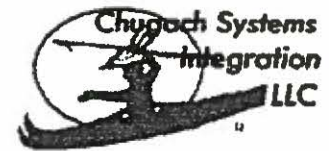
CHUGACH SUPPORT SERVICES INC. (CSS)
 CSS provides a wide range of maintenance and repair services and parts for all types of heavy equipment. CSS also provides a wide range of repair services for all types of heavy equipment. CSS also provides a wide range of repair services for all types of heavy equipment.



CHUGACH MANAGEMENT SERVICES INC. (CMS)
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CHUGACH SYSTEMS INTEGRATION LLC (CSI)
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CHUGACH MCKINLEY INC. (CMI)
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CHUGACH INDUSTRIES INC. (CII)
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CHUGACH GOVERNMENT SERVICES INC. (CGSI)
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Easements
Minerals
Tourism
Permit Policies
Links
Contacts
Maps

SHAREHOLDER SERVICES

HISTORY & CULTURE

EMPLOYEE SERVICES

JOB OPPORTUNITIES



The Lands Department

Mission Statement

Chugach Lands and Resources Department mission is to benefit our shareholders through sound land management practices, maintain ownership and control of our lands and resources, and preserve our culture and heritage.

Chugach Alaska Corporation (Chugach) is one of the thirteen regional Native corporations created by the Alaska Native Claims Settlement Act (ANCSA) as amended by the Alaska National Interest Land Conservation Act (ANILCA). The Chugach Region comprises some 10 million acres in South-central Alaska. Chugach is entitled to 928,000 acres, of which approximately 378,000 acres are full fee entitlement and 550,000 acres of subsurface estate. At this time, Chugach has received 94% of its total entitlement. Chugach has selected lands that have potential for economic development including commercial timber land, mineral estates as well as lands that have potential for tourism, and lands of cultural and historical importance to the Chugach people.

The coastal portions of the Chugach region support mixed Sitka Spruce and Western Hemlock forests. Natural regeneration and short maturation periods make this renewable resource a strong asset for the corporation and its shareholders. Chugach employs ecologically sound timber management strategies and follows the Forest Practices Act, Best Management Practices, to ensure this resource is available for future generations.

Historically, the Chugach region was one of the foremost mining regions in Alaska. The Beatson mine on Latouche Island and the Ellamar mine near Tatitlek yielded over 200 million pounds of copper, 52,000 ounces of gold and 1.7 million ounces of silver before closing down in the 1930's. In addition to the properties located along the Central VMS Belt, which hosts both Besshi and Cyprus type deposits, Chugach owns mineralized property along the southern tip of the Kenai Peninsula, in the Kenai Fjords, Cordova, the Copper River Valley, and the Gulf Coast.

The first producing oil wells in Alaska were located at Katalla. From 1902 to 1933, wells at Katalla produced some 155,000 barrels of oil. The oilfield closed when the refinery burned down on Christmas Day in 1933. The Katalla field is located on the onshore portion of the Gulf of Alaska Tertiary Province which attracted major exploratory interest in the 1950's and 60's followed by offshore exploration in the 1970's. The technology available today could, once again, make the area quite attractive to major oil interests and independents alike. Chugach holds title to over 10,100 acres of oil and gas estate at Katalla and Preferential Exchange rights to an additional 55,375 acres.

The Chugach region has some of the most unique and opportune tourism areas in the state. High mountain vistas, tidewater and

CHUGACH WORLD SERVICES INC.
(CWSI) &(a)

Specializes in providing global services and support for the oil and gas industry. Services include: Project Management, Engineering Services, Environmental Services, and more. Has a long history of providing services to the oil and gas industry. Must have a US presence.



CHUGACH ALASKA SERVICES INC.
(CASI)

Specializes in providing commercial support services for the oil and gas industry. Services include: Project Management, Engineering Services, and more. Has a long history of providing services to the oil and gas industry. Must have a US presence.



The Chugach Corporate Offices are located at:
3800 Centerpoint Drive, Suite 601
Anchorage, Alaska 99503
Phone: ~~907-563-8402~~ Fax: 907-563-8402
Email: subcontracting@chugach-ak.com

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alpine glaciers, deep fjords, protected bays and inlets, abundance of wildlife and access from major population centers make this region ideally suited for the tourism industry. Chugach owns lands within and adjacent to the Chugach National Forest and the Wrangell-St. Elias National Park. Unique landmarks include some of the largest non-polar glaciers in the world. The Columbia, Bering and Malaspina Glaciers are all accessible from Chugach's lands. Mount Saint Elias rises from the protected waters of Icy Bay to 18,008 feet, the third highest mountain in North America. A major portion of Chugach's lands lie within the Prince William Sound, which is well recognized as a visitor's paradise.

[Click Here For A Map Of Our Lands](#)



[Corporate Profile](#) | [Lands Department](#) | [Shareholder Services](#) | [History & Culture](#) | [Employee Services](#) | [Contact Us](#) | [Forms](#) | [Sitemap](#) | [Back Home](#)

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- CONSTRUCTION
- INFORMATION TECHNOLOGY
- TELECOMMUNICATIONS
- EDUCATION SERVICES
- ENVIRONMENTAL
- JOB OPPORTUNITIES
- EMPLOYEE NEWSLETTER

The Chugach Family of Companies

Our Mission is to set the standard for first-class business services in the global market.

Chugach is a unique organization, capable of meeting the needs of government and private industries through a long-range program of business planning, training, and sound business practices. Chugach also provides complete project services to our clients, including design and construction of commercial and government facilities.

The Chugach family of companies consists of several subsidiaries and joint ventures that offer our clients professional assistance which combines high-quality base operations and maintenance services with state-of-the-art management services. Chugach's success is based on an integrated management strategy, fostered by the vision of the Board and fueled by the commitment of our exceptionally skilled employees - who remain diligently focused on customer satisfaction.

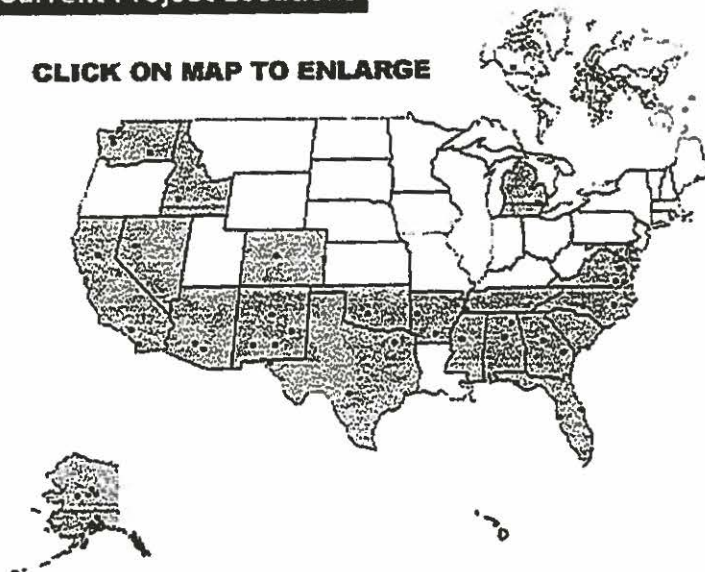
Chugach's history of offering the best value and exceptional customer service has earned us a reputation as a company that provides cost-saving, award-winning services to the government while maximizing benefits to the American taxpayer.

In addition to our core businesses of Facilities Operations and Maintenance, other Chugach subsidiaries provide first class business services in the areas of Construction, Telecommunications, Information Technology, Environmental Services, and Education Services. Chugach Alaska Corporation, its Subsidiaries, and Joint Ventures, offers unequalled business services around the world.

To view Chugach's subsidiaries and project locations, click on the map below to enlarge.

Current Project Locations

CLICK ON MAP TO ENLARGE

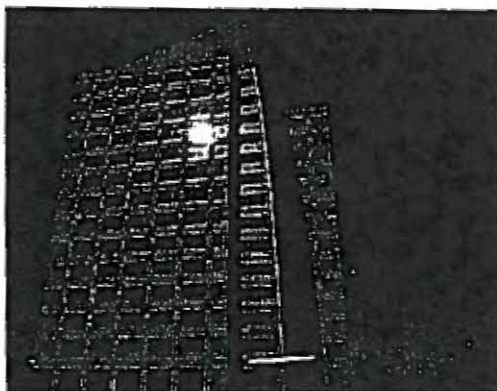


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Welcome to Chugach Alaska Corporation

In 1971, Congress significantly departed from its established federal Indian policy by enacting the Alaska Native Claims Settlement Act (ANCSA). Instead of the reservation system, used extensively in other parts of the United States, a system of corporate ownership of assets was developed to ensure long-term profitability and financial independence for Alaska Natives. Chugach Alaska Corporation (CAC) was formed in 1972 as an ANCSA Corporation. A nine member Board of Directors, elected from more than 2,200 shareholders, directs CAC's management team. The Board, all of whom are Alaska Natives, selects the President and is assisted by an experienced and qualified managerial staff with responsibilities for the day-to-day operations of CAC and its subsidiaries and joint ventures.



New Corporate Headquarters at the JL Tower

CAC's corporate offices are located in Anchorage, AK. In 2007, CAC ranked 2nd in Alaska Business Monthly's Magazine of Top 49ers – a ranking of the top Alaskan-owned and operated businesses. CAC currently targets the following areas of business interests - base operating services, educational services, construction services, environmental services, information technology, telecommunications, and full-service employment services. CAC management strongly believes that these special disciplines provide healthy opportunities for shareholder hire and is committed to maximizing those opportunities through the parent company and its active subsidiaries.

The **Chugach Corporate Offices** are located at:
 3800 Centerpoint Drive, Suite 601
 Anchorage, Alaska 99503
 Phone: ~~907-563-8866~~ Fax: 907-563-8402

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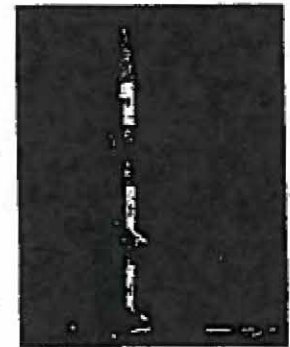
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- EMPLOYEE NEWSLETTER**

BASE OPERATING SERVICES

Chugach has established itself as a service contractor with a reliable reputation for providing capable and efficient facilities operation and maintenance services. Chugach has hundreds of BOS employees at project sites throughout Alaska and the United States providing premium services to its clients. Chugach's success is based on an integrated management strategy and the commitment of exceptionally skilled employees who remain diligently focused on customer satisfaction.



Chugach offers its government clients professional assistance which combines high-quality base operations and maintenance services with state-of-the-art management services employing innovation, technology and experience. The US Army, Air Force and Navy have commended Chugach for exemplary performance in providing efficient and cost-effective facilities operation and maintenance services. Chugach has earned a reputation as a solid performer who goes the extra mile to accomplish any given tasks.

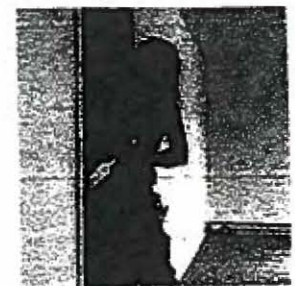


CONSTRUCTION SERVICES

Chugach provides complete project services to our clients, including design and construction of commercial/governmental facilities. Every employee on the Chugach team embraces the philosophy that quality and safety begin in the programming phase and continue through the warranty period.



Today's dynamic environment has created a need for a more responsive contracting technique for the accomplishment of maintenance, repair and minor construction projects. Constraints imposed by contracting, supply systems and personnel often limit the facility manager's ability to respond to urgent and time sensitive requirements.



Job Order Contracting (JOC) is an innovative system, which was developed by the Department of Defense to enhance responsiveness, while providing a high level of quality work at a reasonable cost. Rather than award individual contracts, delivery orders are issued for projects under a pre-negotiated contract. The client provides a simplified Statement of Work, and the JOC contractor provides the design, including cost estimate, materials, equipment and personnel to accomplish the task. Thus, there is a reduction in engineering, administrative and solicitation documentation for each project. Chugach has validated the JOC process and become a widely respected SABER (the Air Force

The Chugach team's full-service environmental services includes regulatory compliance, employee training, site assessments and investigations and remediation. Our size, geographic locations, financial stability and technical expertise enable us to take on projects regardless of size or complexity.



INFORMATION TECHNOLOGY

Chugach will assist you in becoming more successful in this ever-changing economic environment. We provide you with the people and skills to better meet the challenges of a changing world. The Information Systems (IS) division provides a full scope of IS services to Government and other companies where IS is critical to enterprise business strategies. We provide technical and business-consulting resources for systems implementation, IS projects and MIS outsourcing. Our solution-oriented services are tailored to meet the requirements of each client.



Chugach brings together a technical, operations and management team with extensive experience in information systems, technology services, facilities management and professional consulting. Chugach was awarded the Air Force's Outstanding Contract Performance Award for its role in Standardization Work Management Systems Team.



Chugach provides a full scope of IT services to government and private sector companies. Chugach, in conjunction with its business partners, has the ability to design complete systems and to acquire and install all the hardware and software necessary to provide the customer with a turnkey solution.

TELECOMMUNICATIONS

Chugach can provide state-of-the-art communication systems to include all user equipment and options. Telephone switching and radio-based communication systems to include site surveys, design, integration, installation, operation, testing, maintenance, and technical data can be customized as required by the customer. Our support technology includes a staff of highly-trained professional engineers, field technicians, communication managers and specialists. Chugach specializes in the integration of computer and communication systems and have contractual arrangements with a number of international communication companies to provide system-integrator services. This experience has made us proficient in working with foreign governments in the performance of contractual responsibilities.



version of a JOC/JOC contractor for a number of governmental agencies.

EDUCATION SERVICES

Chugach provides operations, training, management, and maintenance services at the Alaska Job Corps Center in Palmer, Alaska for the U.S. Department of Labor Job Corps Program. The center is the first of its kind in Alaska, focusing on training Alaska youth and provides full educational services for 250 Alaskans, including 24 single parents, in a residential setting. As the prime contractor for the Alaska Job Corps Center located in Palmer, Alaska, CSS provides student outreach, admissions and job placement (OA&P) services. The center serves the largest geographic area with the most diverse population of any Job Corps center in the nation. The Alaska Job Corps center has been a solid performer since its startup in 1993, achieving the ranking of #2 in the nation in 2004 (July 2004 - June 2005).



CSS is the prime contractor for the Roswell Job Corps Center and is responsible for the administration (HR, finance, student records, admin services, maintenance), social development (which includes residential living/dorms, career preparation, and recreation areas), food services, and security.

Chugach McKinley is the prime contractor at Long Beach and responsible for the success of the overall contract as well as finance and administration, human resources, residential living, recreation and safety/transportation. CMI's partner at Long Beach, Management and Training Corporation (MTC), originally partnered with Chugach in 1994 in a mentor/protégée contract to operate the Alaska Job Corps Center. At the Long Beach center, MTC is responsible for student training, counseling, wellness, outreach and admissions and career transition services. Long Beach serves 300 young people who live primarily in Los Angeles and Orange Counties. The center trains students in landscaping, facilities maintenance, glazing, cement masonry, business technology, telecommunications, health occupations and culinary arts.

ENVIRONMENTAL SERVICES



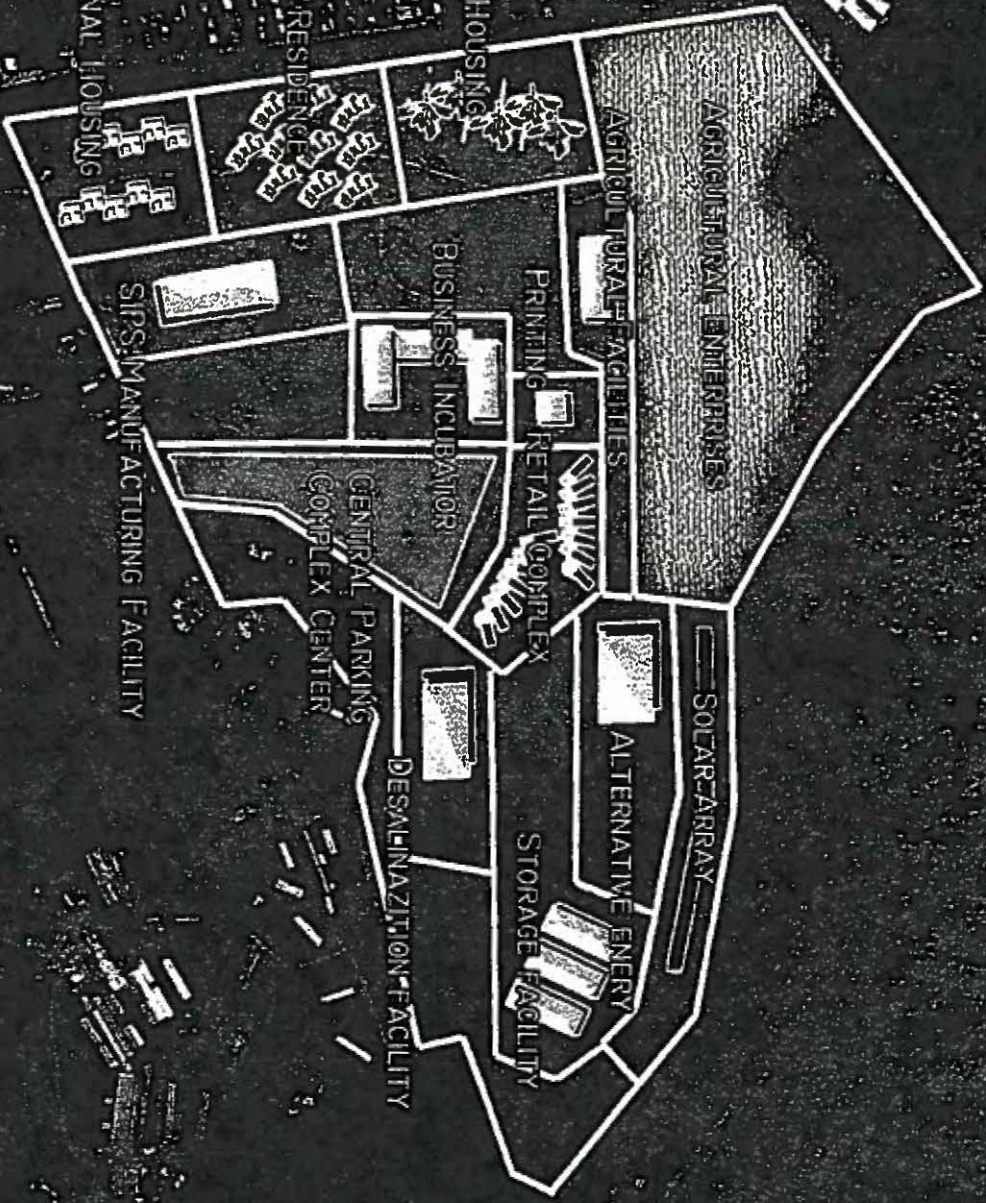
Chugach has over seven years of experience working on various environmental projects. The Chugach team has developed cost-effective solutions to fit client-specific needs. We pride ourselves in our efficiency of design, quality of work, value added, and on-time performance. Chugach has a wealth of experience assisting our clients in complying with federal, state and local regulations.



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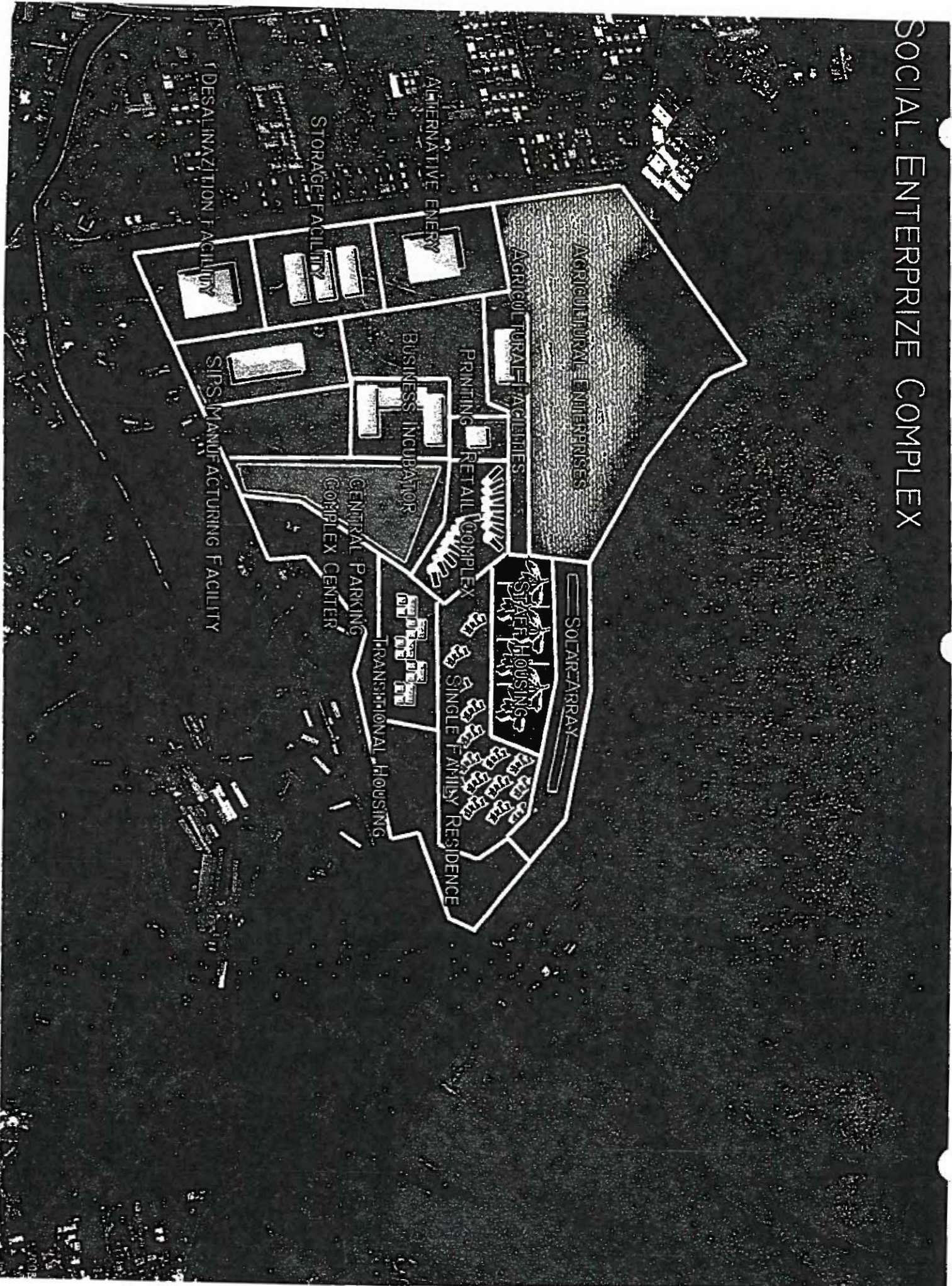
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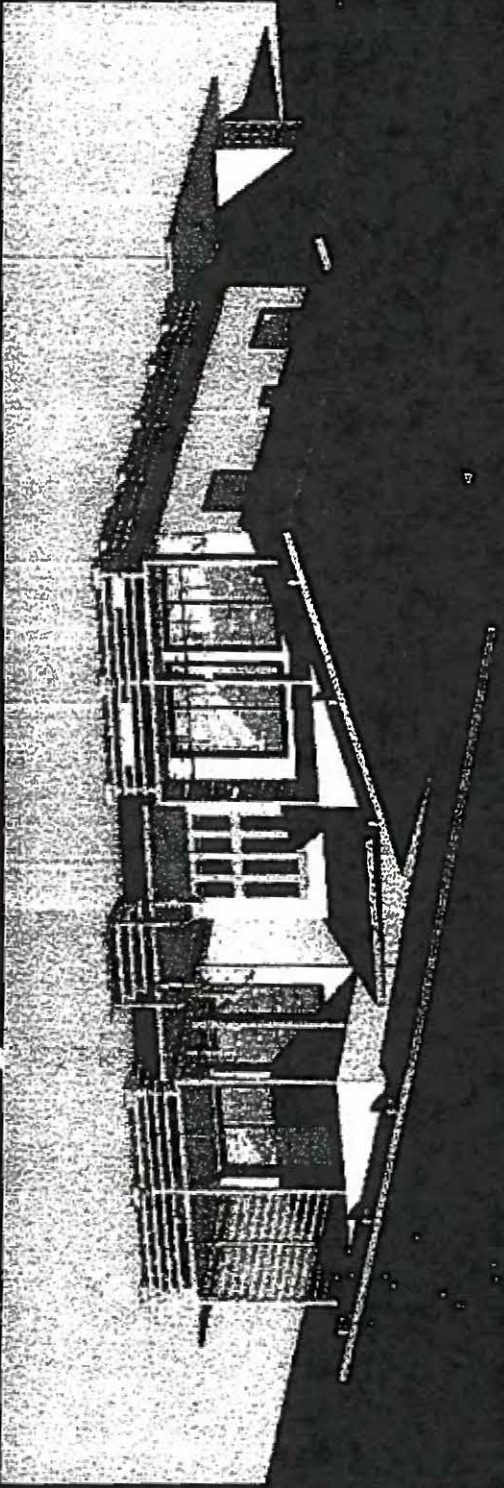
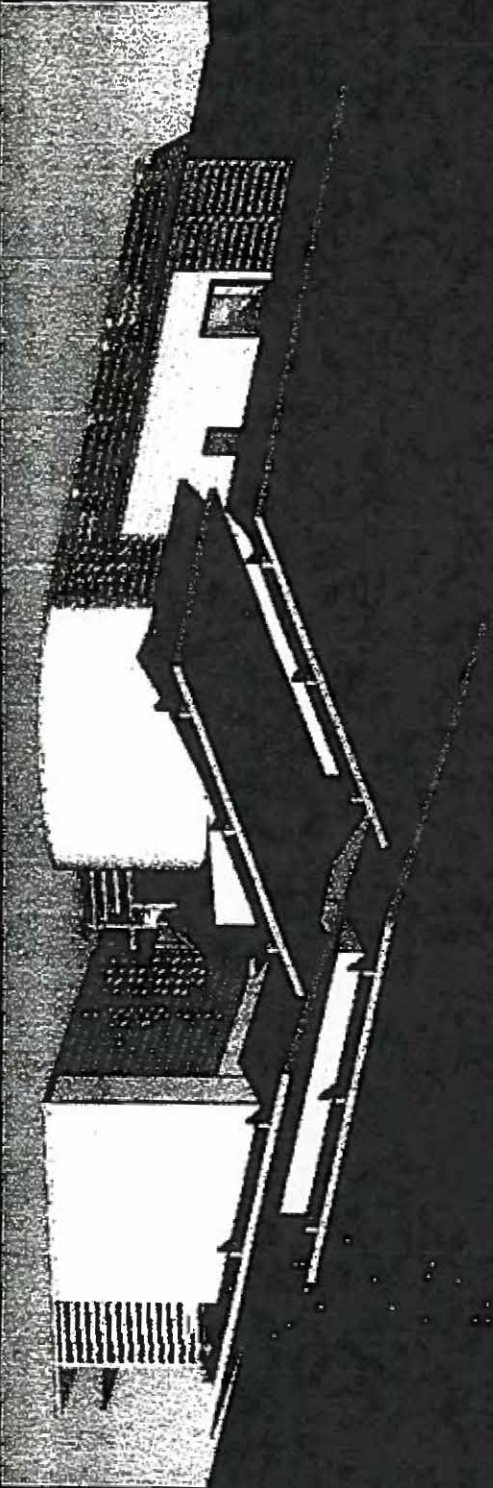


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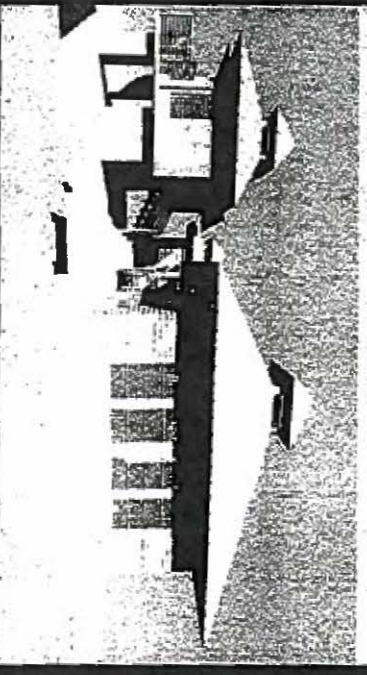
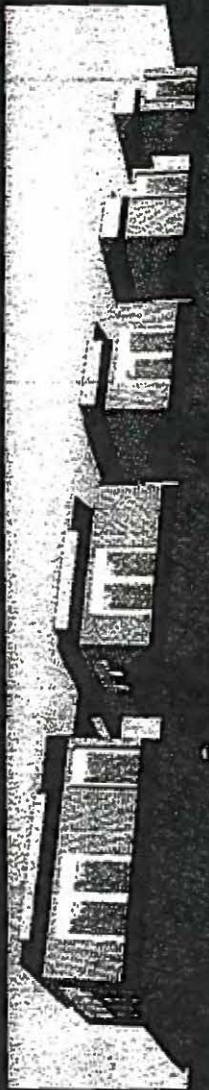
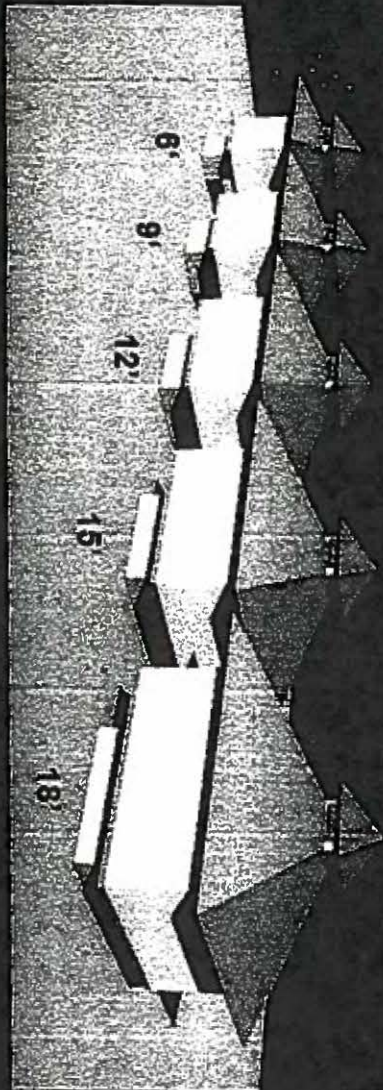
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Eco-Friendly – Self-Contained - Using Alternative Energy & Water Generating System
Social Enterprise Community™

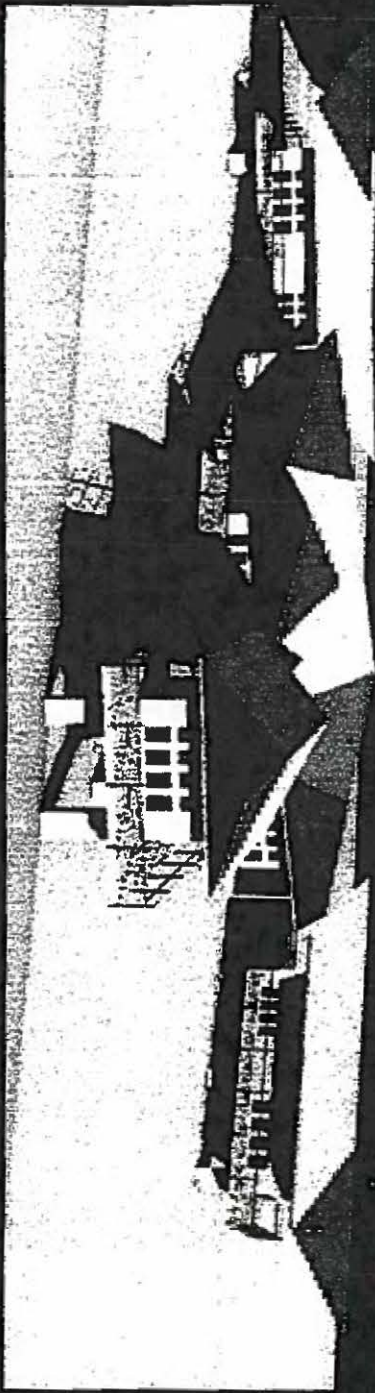
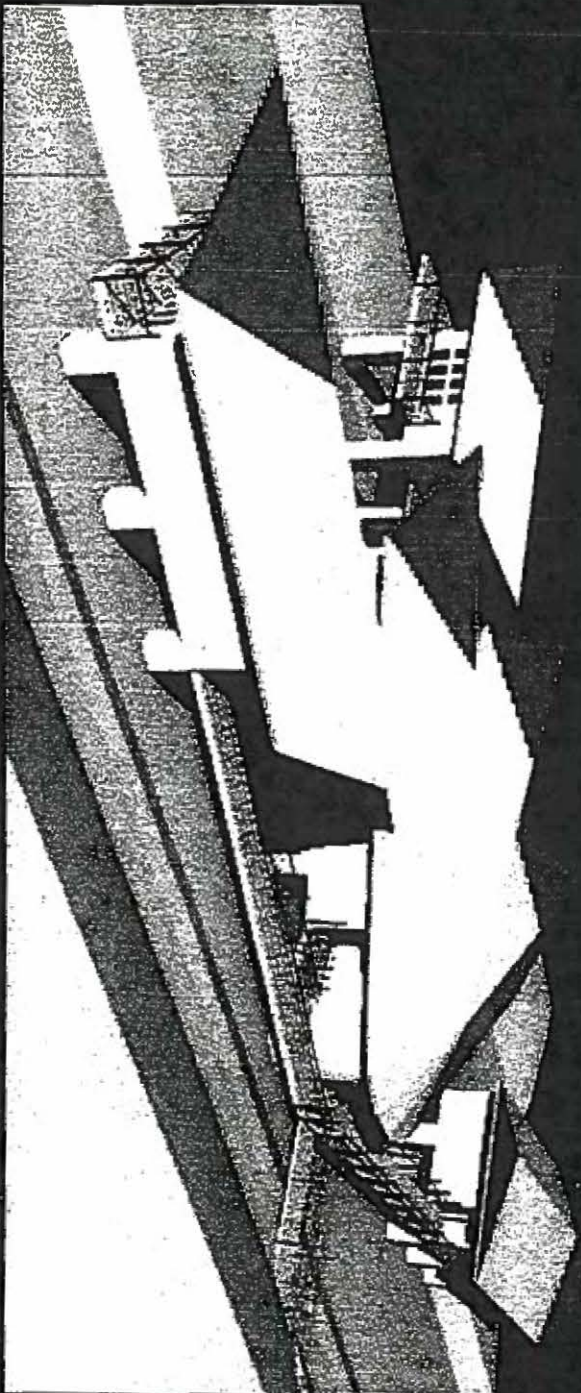


Social Enterprise Community™
Modular Housing or Retail Boutique Units



7-11

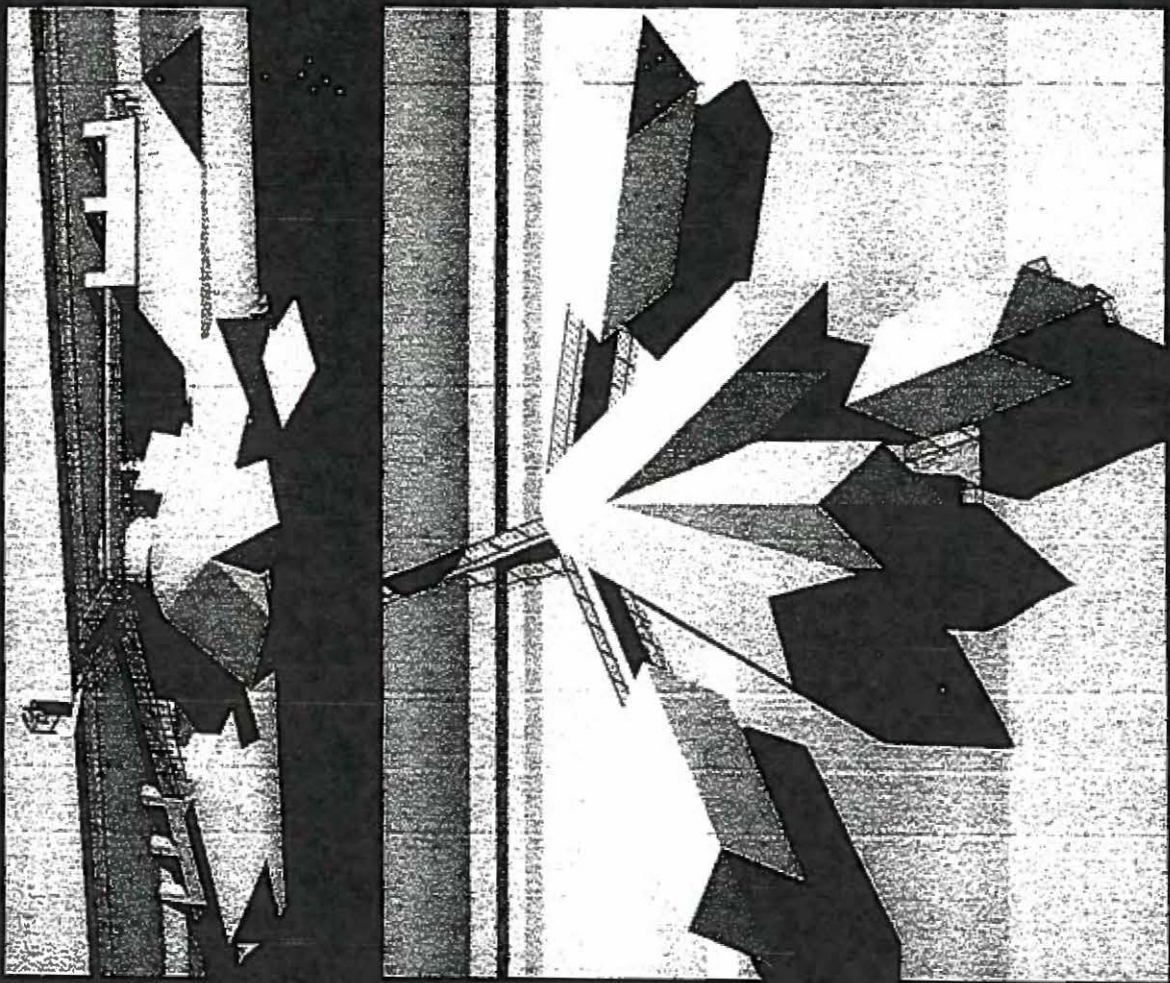
Social Enterprise Community™ or Business Incubator
Using SIPs Panels, or recycled shipping containers & Alternative Energy

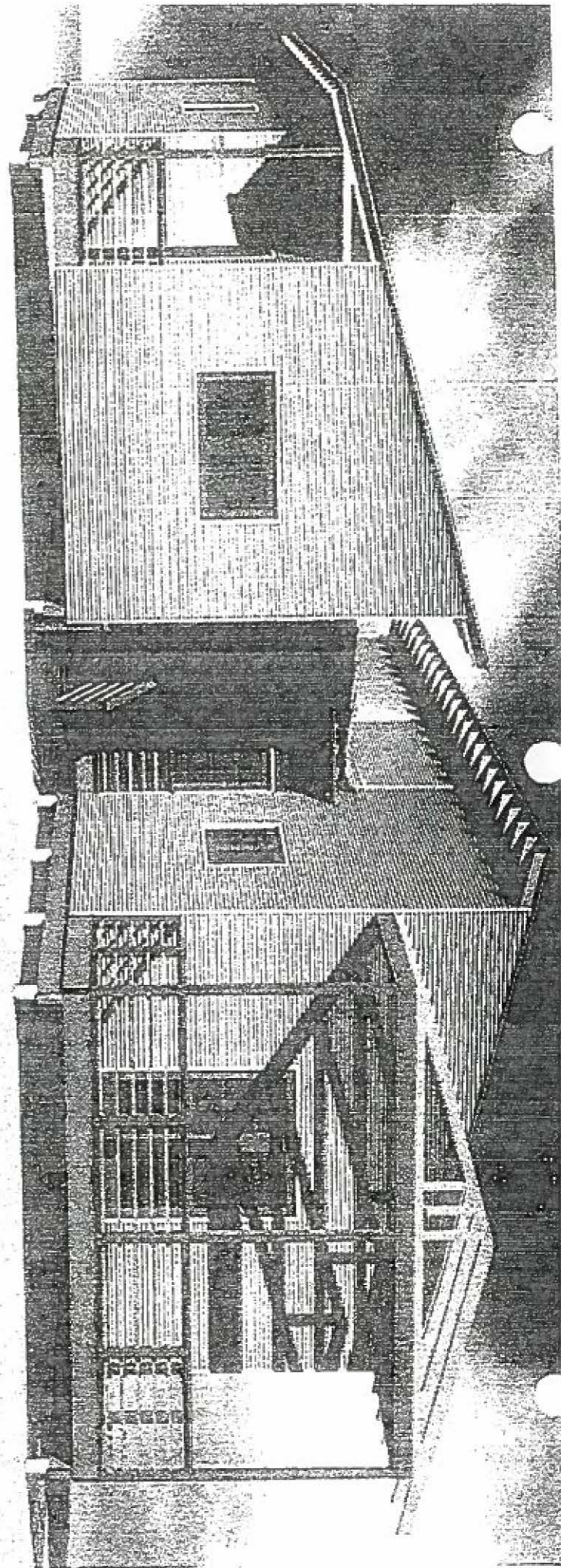
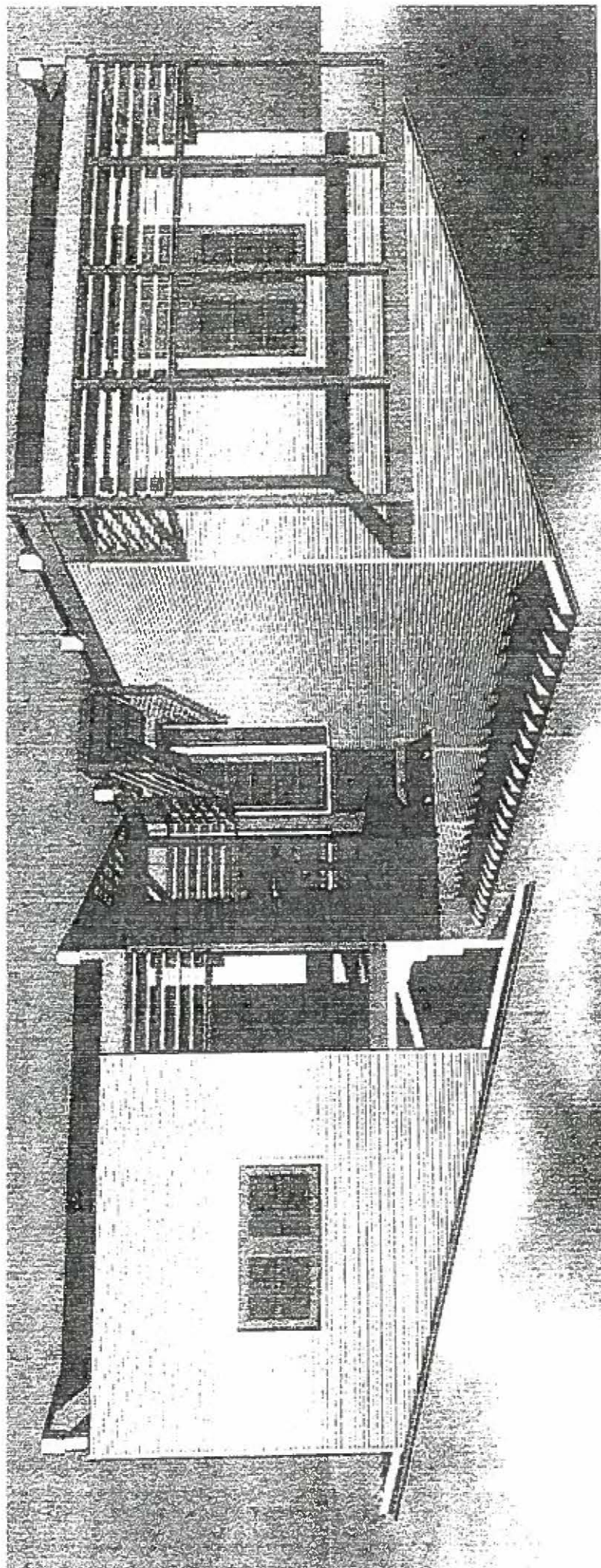


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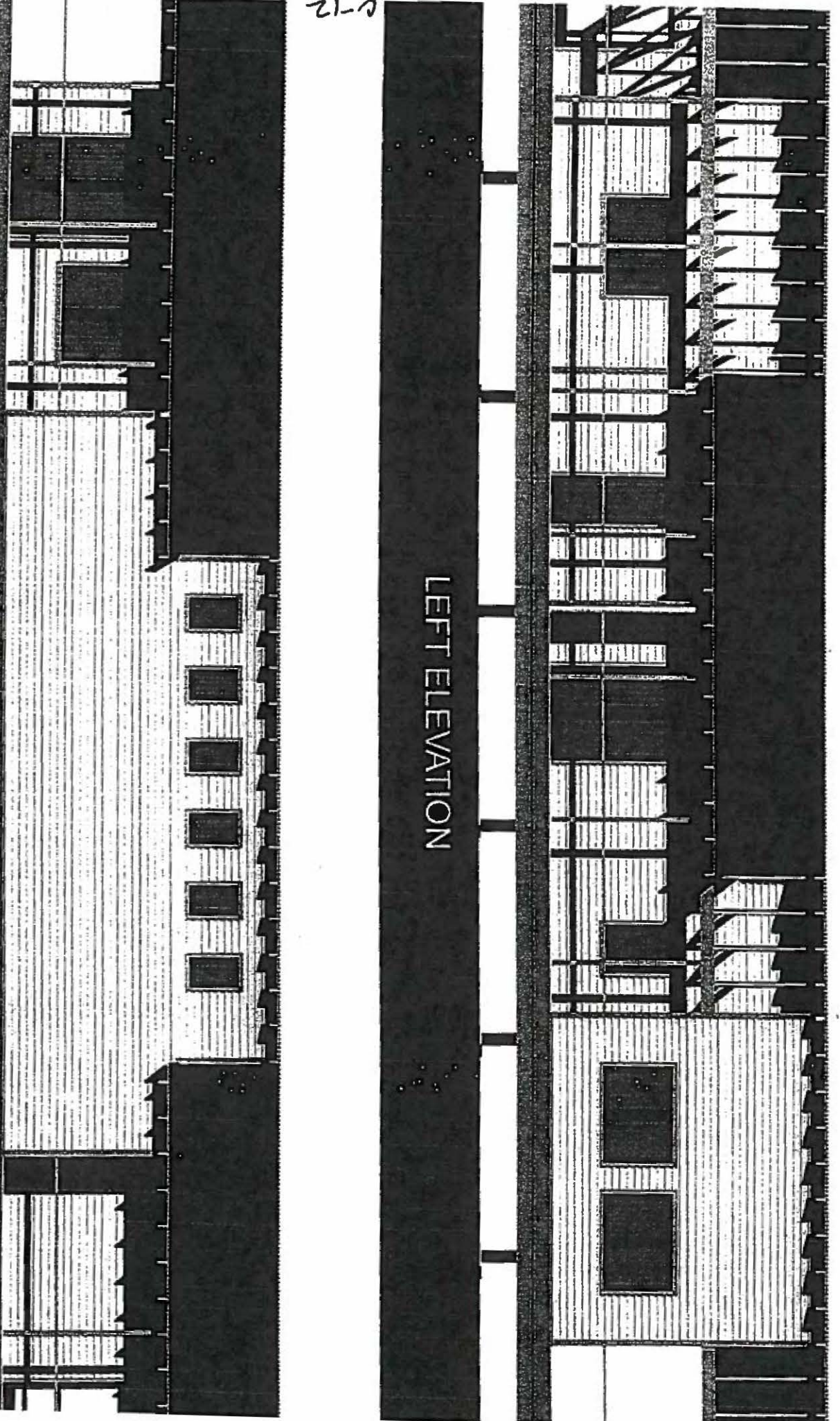
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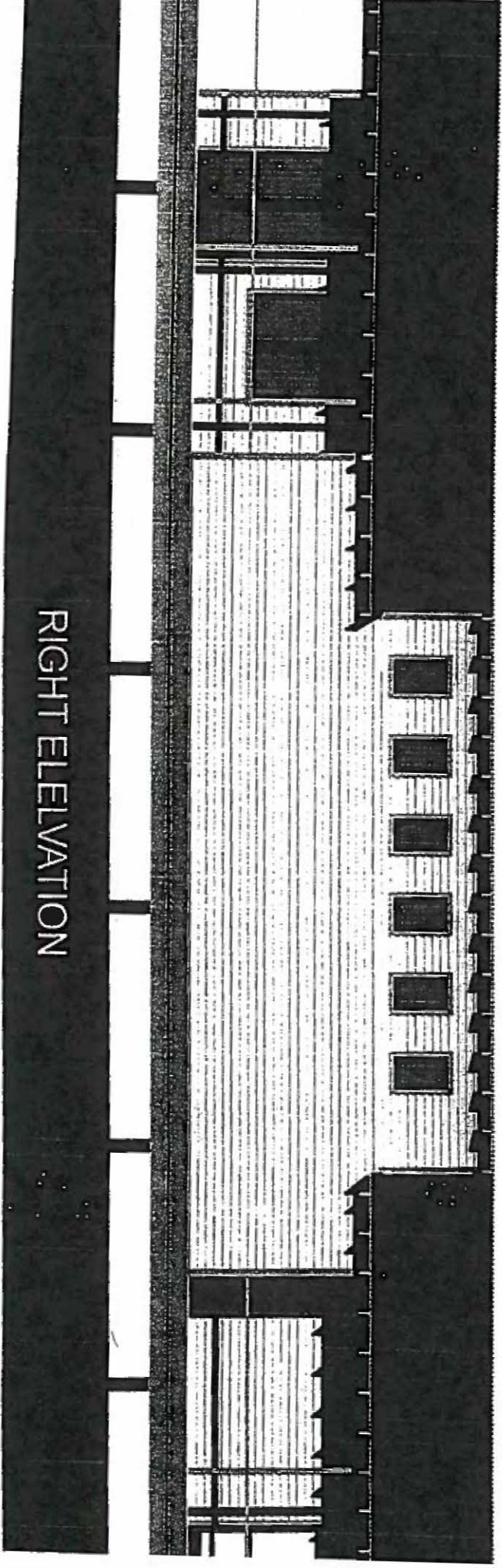


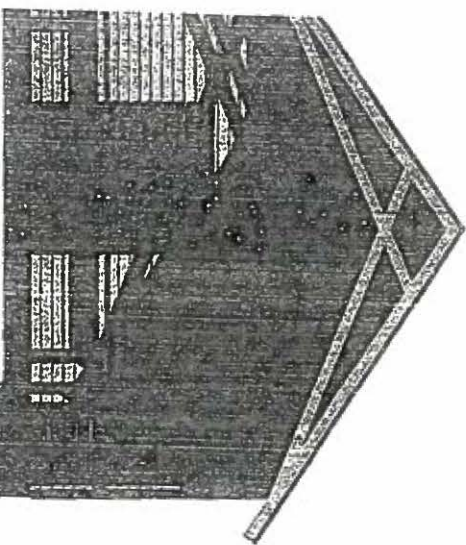
21-12

LEFT ELEVATION

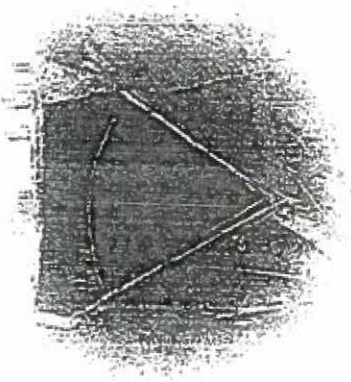


RIGHT ELEVATION

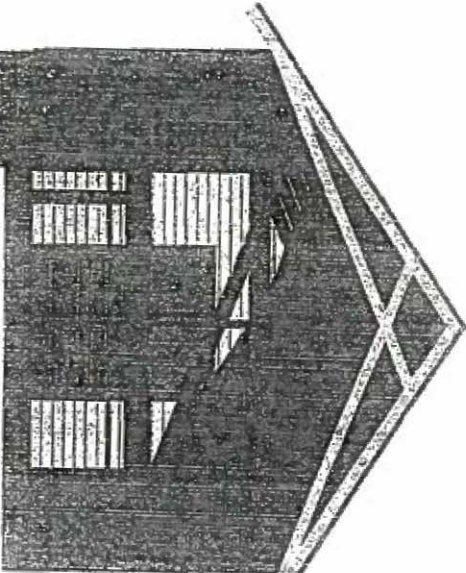




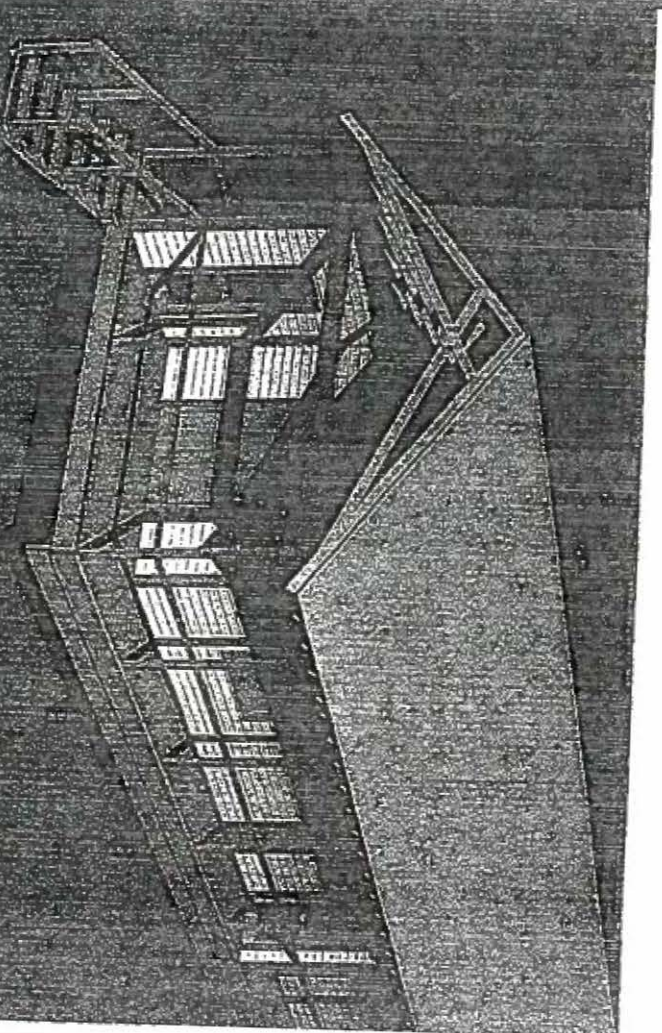
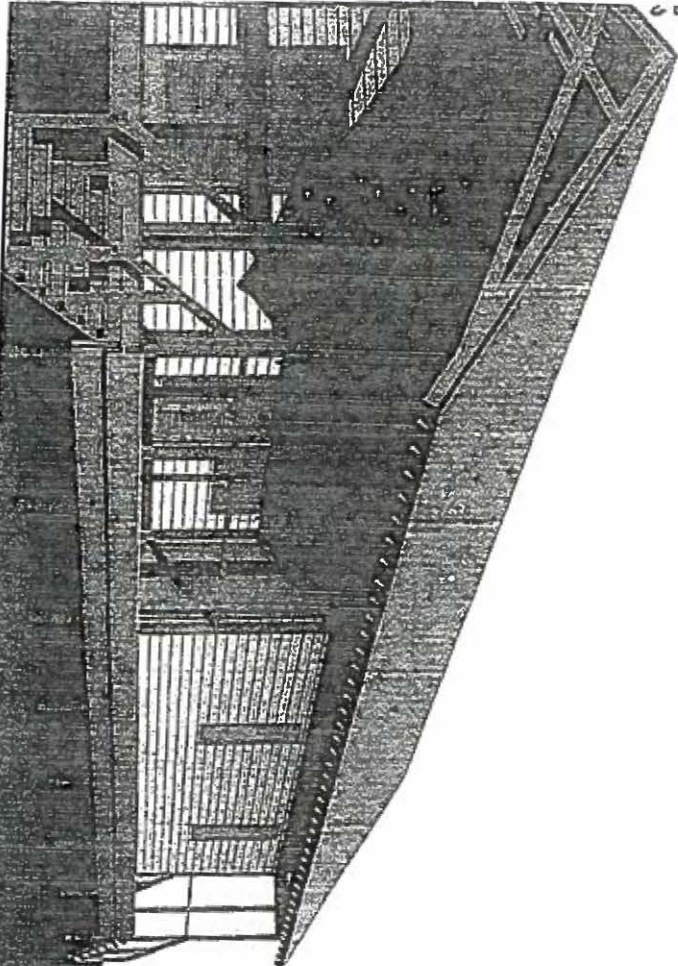
FRONT ELEVATION

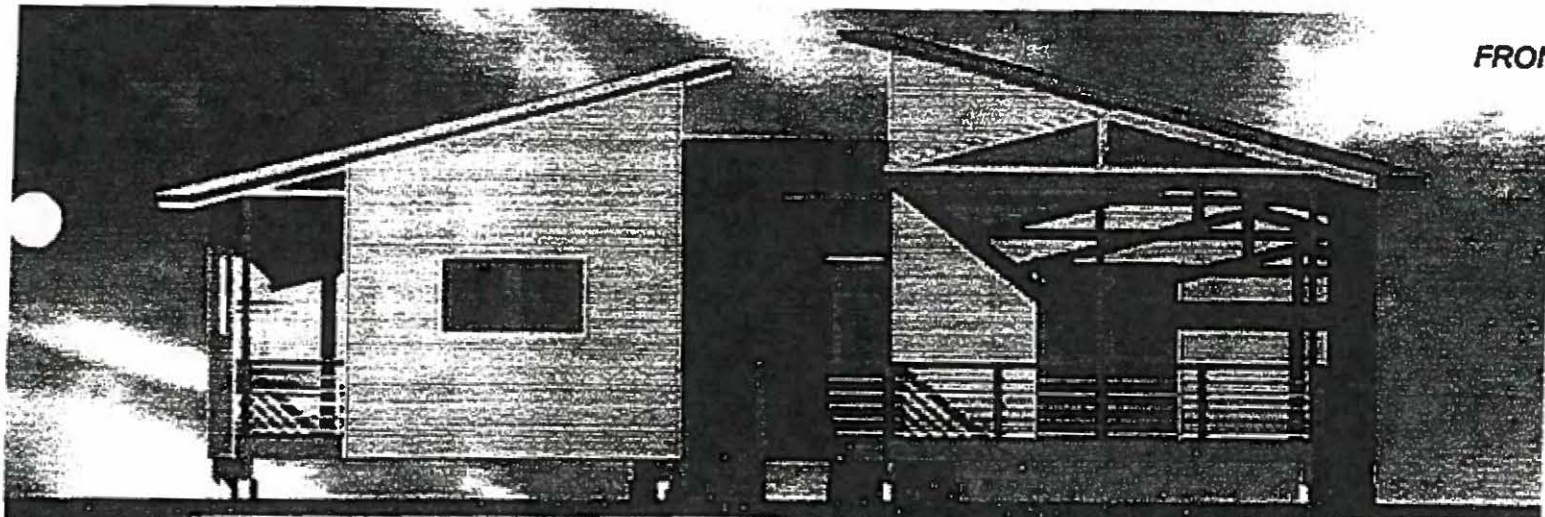


TRADITION

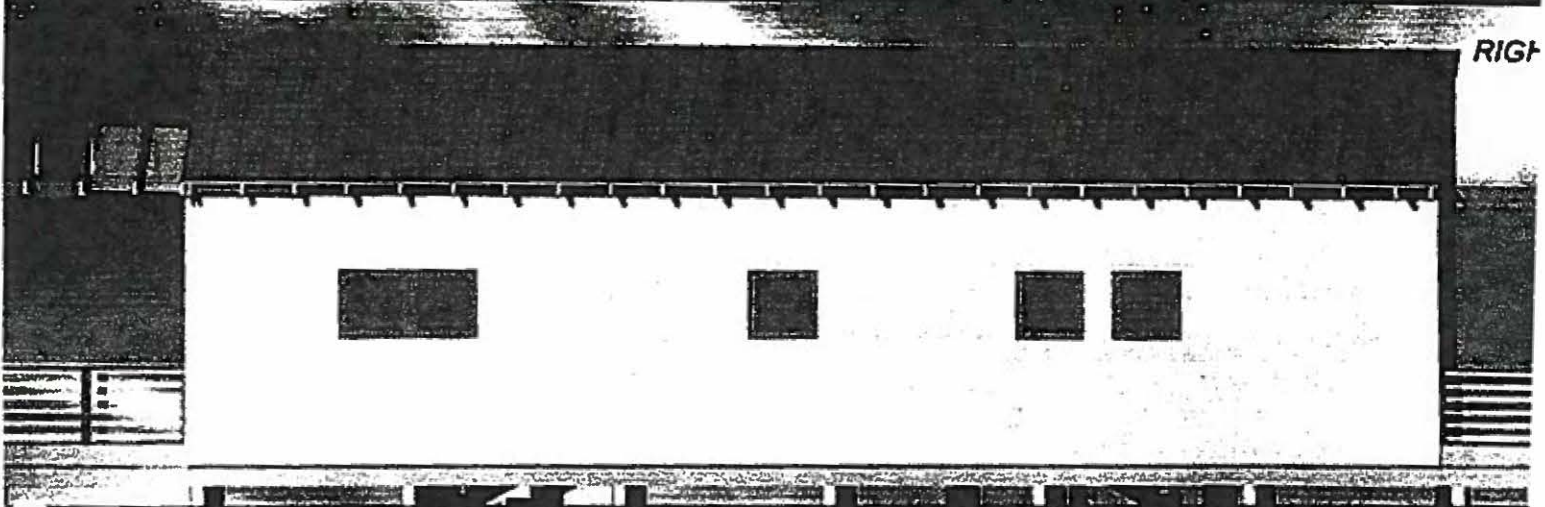


BACK ELEVATION

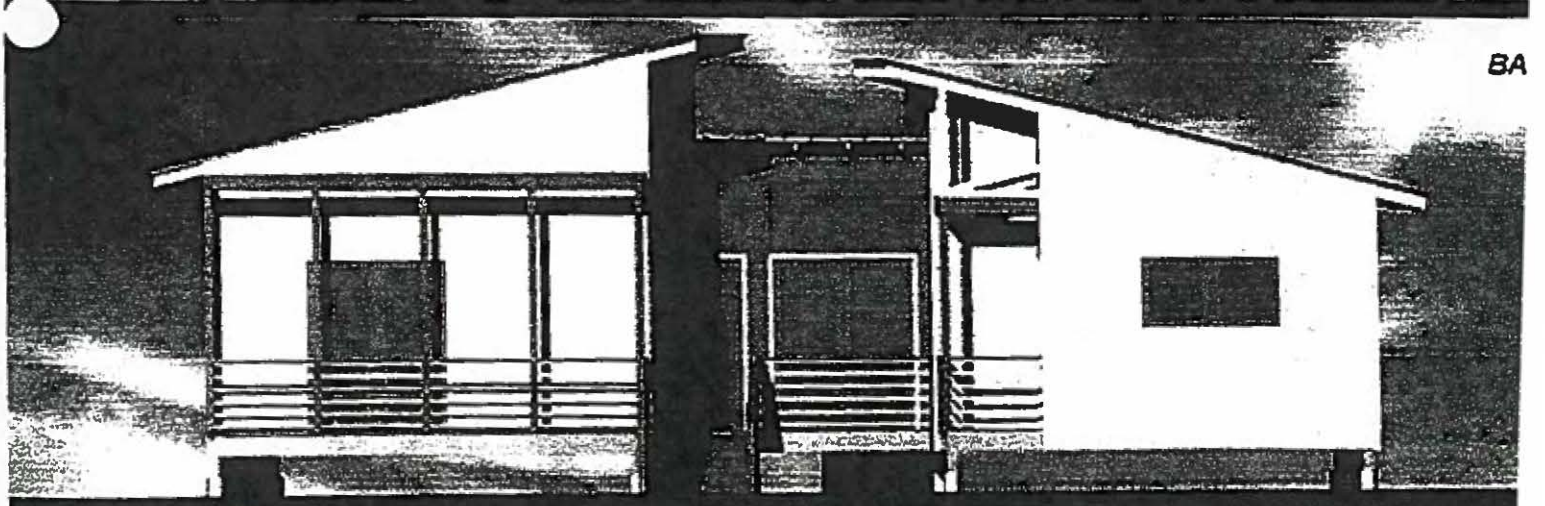




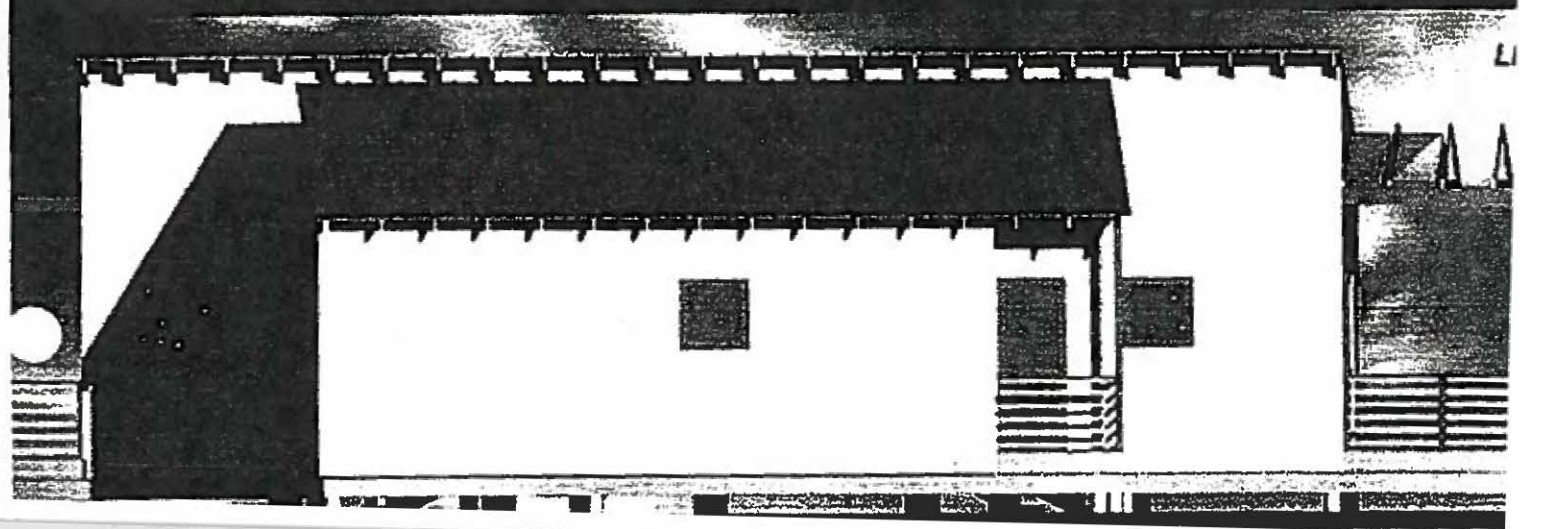
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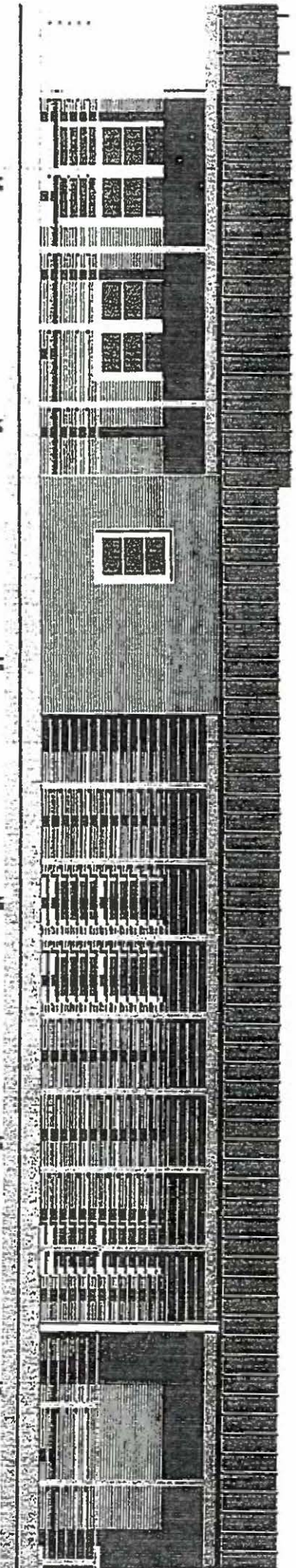


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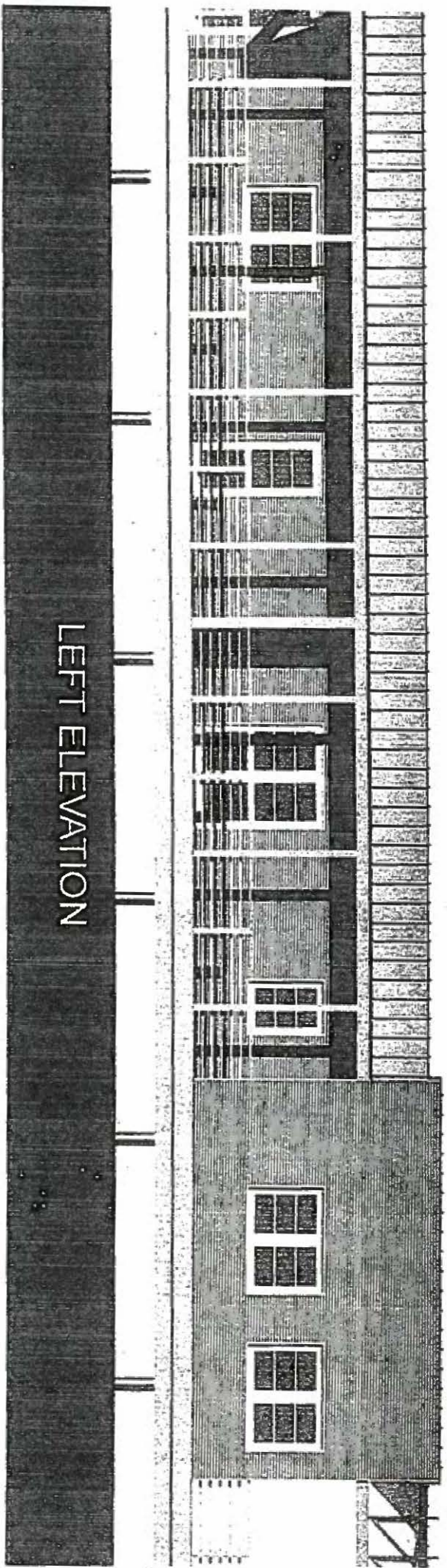


LI

RIGHT ELEVATION



LEFT ELEVATION



**BYLAWS
OF
PERMITS HAWAII LLC
DBA HAWAII SUSTAINABLE OUTREACH SOLUTIONS LLC**

ARTICLE I

SECTION 1. PRINCIPAL EXECUTIVE OFFICE

The location of the principal executive office of the corporation shall be fixed by the board of directors. The secretary of this corporation shall keep the original or a copy of these bylaws, as amended to date, at the principal executive office of the corporation if this office is located in California.

The officers of this corporation shall cause the corporation to file an annual statement with the Secretary of State as required specifying the street address of the corporation's principal executive office.

SECTION 2. OTHER OFFICES

The corporation may also have offices at such other places as the board of directors may from time to time designate, or as the business of the corporation may require.

ARTICLE II, SHAREHOLDERS' MEETINGS

SECTION 1. PLACE OF MEETINGS

All meetings of the shareholders shall be held at the principal executive office of the corporation or at such other place as may be determined by the board of directors.

SECTION 2. ANNUAL MEETINGS

The annual meeting of the shareholders shall be held each year on [DATE] at which time the shareholders shall elect a board of directors and transact any other proper business. If this date falls on a legal holiday, then the meeting shall be held on the following business day at the same hour.

SECTION 3. SPECIAL MEETINGS

Special meetings of the shareholders may be called by the board of directors, the chairperson of the board of directors, the president, or by one or more shareholders holding at least 10 percent of the voting power of the corporation.

SECTION 4. NOTICES OF MEETINGS

Notices of meetings, annual or special, shall be given in writing to shareholders entitled to vote at the meeting by the secretary or an assistant secretary or, if there be no such officer, or in the case of his or her neglect or refusal, by any director or shareholder.

Such notices shall be given either personally or by first-class mail or other means of written communication, addressed to the shareholder at the address of such shareholder appearing on the stock transfer books of the corporation or given by the shareholder to the corporation for the purpose of notice. Notice shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting.

Such notice shall state the place, date, and hour of the meeting and (1) in the case of a special meeting, the general nature of the business to be transacted, and that no other business may be transacted, or (2) in the case of an annual meeting, those matters which the board at the time of the mailing of the notice, intends to present for action by the shareholders, but, subject to the provisions of Section 6 of this Article, any proper matter may be presented at the annual meeting for such action. The notice of any meeting at which directors are to be elected shall include the names of the nominees which, at the time of the notice, the board of directors intends to present for election. Notice of any adjourned meeting need not be given unless a meeting is adjourned for forty-five (45) days or more from the date set for the original meeting.

SECTION 5. WAIVER OF NOTICE

The transactions of any meeting of shareholders, however called and noticed, and wherever held, are as valid as though had at a meeting duly held after regular call and notice, if a quorum is present, whether in person or by proxy, and if, either before or after the meeting, each of the persons entitled to vote, not present in person or by proxy, signs a written waiver of notice or a consent to the holding of the meeting or an approval of the minutes thereof. All such waivers or consents shall be filed with the corporate records or made part of the minutes of the meeting. Neither the business to be transacted at the meeting, nor the purpose of any annual or special meeting or shareholders need be specified in any written waiver of notice, except as provided in Section 6 of this Article.

SECTION 6. SPECIAL NOTICE AND WAIVER OF NOTICE REQUIREMENTS

Except as provided below, any shareholder approval at a meeting, with respect to the following proposals, shall be valid only if the general nature of the proposal so approved was stated in the notice of meeting, or in any written waiver of notice:

- (a) Approval of a contract or other transaction between the corporation and one or more of its directors or between the corporation and any corporation, firm, or association in which one or more of the directors has a material financial interest;

- (b) Amendment of the Articles of Incorporation after any shares have been issued;
- (c) Approval of the principal terms of a reorganization;
- (d) Election to voluntarily wind up and dissolve the corporation;
- (e) Approval of a plan of distribution of shares as part of the winding up of the corporation.

Approval of the above proposals at a meeting shall be valid with or without such notice, if it is by the unanimous approval of those entitled to vote at the meeting.

SECTION 7. ACTION WITHOUT MEETING

Any action that may be taken at any annual or special meeting of shareholders may be taken without a meeting and without prior notice if a consent, in writing, setting forth the action so taken, shall be signed by the holders of outstanding shares having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted.

Unless the consents of all shareholders entitled to vote have been solicited in writing, notice of any shareholders' approval, with respect to any one of the following proposals, without a meeting, by less than unanimous written consent shall be given at least ten (10) days before the consummation of the action authorized by such approval:

- (a) Approval of a contract or other transaction between the corporation and one or more of its directors or another corporation, firm or association in which one or more of its directors has material financial interest;
- (b) To indemnify an agent of the corporation;
- (c) To approve the principal terms of a reorganization; or
- (d) Approval of a plan of distribution as part of the winding up of the corporation.

Prompt notice shall be given of the taking of any other corporate action approved by shareholders without a meeting by less than a unanimous written consent to those shareholders entitled to vote who have not consented in writing.

Notwithstanding any of the foregoing provisions of this section, and except as provided in Article III, Section 4 of these bylaws, directors may not be elected by written consent except by the unanimous written consent of all shares entitled to vote for the election of directors.

A written consent may be revoked by a writing received by the corporation prior to the time that written consents of the number of shares required to authorize the proposed action have been filed with the secretary of the corporation, but may not be revoked thereafter. Such revocation is effective upon its receipt by the secretary of the corporation.

SECTION 8. QUORUM AND SHAREHOLDER ACTION

A majority of the shares entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of shareholders. If a quorum is present, the affirmative vote of the majority of shareholders represented at the meeting and entitled to vote on any matter shall be the act of the shareholders, unless the vote of a greater number is required by law and except as provided in the following paragraphs of this section.

The shareholders present at a duly called or held meeting at which a quorum is present may continue to transact business until adjournment notwithstanding the withdrawal of enough shareholders to leave less than a quorum, if any action is approved by at least a majority of the shares required to constitute a quorum.

In the absence of a quorum, any meeting of shareholders may be adjourned from time to time by the vote of a majority of the shares represented either in person or by proxy, but no other business may be transacted except as provided in the foregoing provisions of this section.

SECTION 9. VOTING

Only shareholders of record on the record date fixed for voting purposes by the board of directors pursuant to Article VIII, Section 3 of these bylaws, or, if there be no such date fixed, on the record dates given below, shall be entitled to vote at a meeting.

If no record date is fixed:

- (a) The record date for determining shareholders entitled to notice of, or to vote, at a meeting of shareholders, shall be at the close of business on the business day next preceding the day on which notice is given or, if notice is waived, at the close of business on the business day next preceding the day on which the meeting is held.
- (b) The record date for determining the shareholders entitled to give consent to corporate actions in writing without a meeting, when no prior action by the board is necessary, shall be the day on which the first written consent is given.
- (c) The record date for determining shareholders for any other purpose shall be at the close of business on the day on which the board adopts the resolution relating thereto, or the 60th day prior to the date of such other action, whichever is later.

Every shareholder entitled to vote shall be entitled to one vote for each share held, except as otherwise provided by law, by the Articles of Incorporation or by other provisions of these bylaws. Except with respect to elections of directors, any shareholder entitled to vote may vote part of his or her shares in favor of a proposal and refrain from voting the remaining shares or vote them against the proposal. If a shareholder fails to specify the number of shares he or she is affirmatively voting, it will be conclusively presumed that the shareholder's approving vote is with respect to all shares the shareholder is entitled to vote.

At each election of directors, shareholders shall not be entitled to cumulate votes unless the candidates' names have been placed in nomination before the commencement of the voting and a shareholder has given notice at the meeting, and before the voting has begun, of his or her intention to cumulate votes. If any shareholder has given such notice, then all shareholders entitled to vote may cumulate their votes by giving one candidate a number of votes equal to the number of directors to be elected multiplied by the number of his or her shares or by distributing such votes on the same principle among any number of candidates as he or she thinks fit. The candidates receiving the highest number of votes, up to the number of directors to be elected, shall be elected. Votes cast against a candidate or which are withheld shall have no effect. Upon the demand of any shareholder made before the voting begins, the election of directors shall be by ballot rather than by voice vote.

SECTION 10. PROXIES

Every person entitled to vote shares may authorize another person or persons to act by proxy with respect to such shares by filing a written proxy with the secretary of the corporation, executed by such person or his or her duly authorized agent.

A proxy shall not be valid after the expiration of eleven (11) months from the date thereof unless otherwise provided in the proxy. Every proxy shall continue in full force and effect until revoked by the person executing it prior to the vote pursuant thereto, except as otherwise provided in corporations code.

ARTICLE III. DIRECTORS

SECTION 1. POWERS

Subject to any limitations in the Articles of Incorporation and to the provisions of the corporation's code, the business and affairs of the corporation shall be managed and all corporate powers shall be exercised by, or under the direction of, the board of directors.

SECTION 2. NUMBER

The authorized number of directors shall be [N]. After issuance of shares, this bylaw may only be amended by approval of a majority of the outstanding shares entitled to vote; provided, moreover, that a bylaw reducing the fixed number of directors to a number less than five (5) cannot be adopted unless in accordance with the additional requirements of Article IX of these Bylaws.

SECTION 3. ELECTION AND TENURE OF OFFICE

The directors shall be elected at the annual meeting of the shareholders and hold office until the next annual meeting and until their successors have been elected and qualified.

SECTION 4. VACANCIES

A vacancy on the board of directors shall exist in the case of death, resignation, or removal of any director or in case the authorized number of directors is increased, or in case the shareholders fail to elect the full authorized number of directors at any annual or special meeting of the shareholders at which any director is elected. The board of directors may declare vacant the office of a director who has been declared of unsound mind by an order of court or who has been convicted of a felony.

Except for a vacancy created by the removal of a director, vacancies on the board of directors may be filled by approval of the board or, if the number of directors then in office is less than a quorum, by (1) the unanimous written consent of the directors then in office, (2) the affirmative vote of a majority of the directors then in office at a meeting held pursuant to notice or waivers of notice complying with this Article of these Bylaws, or (3) a sole remaining director. Vacancies occurring on the board by reason of the removal of directors may be filled only by approval of the shareholders. Each director so elected shall hold office until the next annual meeting of the shareholders and until his or her successor has been elected and qualified.

The shareholders may elect a director at any time to fill a vacancy not filled by the directors. Any such election by written consent other than to fill a vacancy created by the removal of a director requires the consent of a majority of the outstanding shares entitled to vote.

Any director may resign effective upon giving written notice to the chairperson of the board of directors, the president, the secretary or to the board of directors unless the notice specifies a later time for the effectiveness of the resignation. If the resignation is effective at a later time, a successor may be elected to take office when the resignation becomes effective. Any reduction of the authorized number of directors does not remove any director prior to the expiration of such director's term in office.

SECTION 5. REMOVAL

Any or all of the directors may be removed without cause if such removal is approved by a majority of the outstanding shares entitled to vote, subject to the provisions of the corporation's code. Except as provided in the corporation's code, a director may not be removed prior to the expiration of such director's term of office.

The Superior Court of the proper county may, on the suit of shareholders holding at least 10 percent of the number of outstanding shares of any class, remove from office any director in case of fraudulent or dishonest acts or gross abuse of authority or discretion with reference to the corporation and may bar from re-election any director so removed for a period prescribed by the court. The corporation shall be made a party to such action.

SECTION 6. PLACE OF MEETINGS

Meetings of the board of directors shall be held at any place, within or without the state, which has been designated in the notice of the meeting or, if not stated in

the notice or if there is no notice, at the principal executive office of the corporation or as may be designated from time to time by resolution of the board of directors. Meetings of the board may be held through use of conference telephone or similar communications equipment, as long as all directors participating in the meeting can hear one another.

SECTION 7. ANNUAL, REGULAR AND SPECIAL DIRECTORS' MEETINGS

An annual meeting of the board of directors shall be held without notice immediately after and at the same place as the annual meeting of the shareholders. Other regular meetings of the board of directors shall be held at such times and places as may be fixed from time to time by the board of directors. Call and notice of these regular meetings shall not be required.

Special meetings of the board of directors may be called by the chairperson of the board, the president, vice president, secretary, or any two directors. Special meetings of the board of directors shall be held upon four (4) days' notice by mail, or forty-eight (48) hours' notice delivered personal or by telephone or telegraph. A notice or waiver of notice need not specify the purpose of any special meeting of the board of directors.

If any meeting is adjourned for more than 24 hours, notice of the adjournment to another time or place shall be given before the time of the resumed meeting to all directors who were not present at the time of adjournment of the original meeting.

SECTION 8. QUORUM AND BOARD ACTION

A quorum for all meetings of the board of directors shall consist of [N] of the authorized number of directors until changed by amendment to this article of these bylaws.

Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present is the act of the board, subject to the provisions of the corporations code. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for such meeting.

A majority of the directors present at a meeting may adjourn any meeting to another time and place, whether or not a quorum is present at the meeting.

SECTION 9. WAIVER OF NOTICE

The transactions of any meeting of the board, however called and noticed or wherever held, are as valid as though undertaken at a meeting duly held after regular call and notice if a quorum is present and if, either before or after the meeting, each of the directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes thereof. All such waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Waivers of notice or consents need not specify the purpose of the meeting.

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Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present is the act of the board, subject to the provisions of the corporations code. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for such meeting.

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The transactions of any meeting of the board, however called and noticed or wherever held, are as valid as though undertaken at a meeting duly held after regular call and notice if a quorum is present and if, either before or after the meeting, each of the directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes thereof. All such waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Waivers of notice or consents need not specify the purpose of the meeting.

SECTION 10. ACTION WITHOUT MEETING

Any action required or permitted to be taken by the board may be taken without a meeting, if all members of the board shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the board. Such action by written consent shall have the same force and effect as a unanimous vote of the directors.

SECTION 11. COMPENSATION

No salary shall be paid directors, as such, for their services but, by resolution, the board of directors may allow a reasonable fixed sum and expenses to be paid for attendance at regular or special meetings. Nothing contained herein shall prevent a director from serving the corporation in any other capacity and receiving compensation therefore. Members of special or standing committees may be allowed like compensation for attendance at meetings.

ARTICLE IV. OFFICERS

SECTION 1. OFFICERS

The officers of the corporation shall be a president, a vice president, a secretary, and a treasurer who shall be the chief financial officer of the corporation. The corporation also may have such other officers with such titles and duties as shall be determined by the board of directors. Any number of offices may be held by the same person.

SECTION 2. ELECTION

All officers of the corporation shall be chosen by, and serve at the pleasure of, the board of directors.

SECTION 3. REMOVAL AND RESIGNATION

An officer may be removed at any time, either with or without cause, by the board. An officer may resign at any time upon written notice to the corporation given to the board, the president, or the secretary of the corporation. Any such resignation shall take effect at the date of receipt of such notice or at any other time specified therein. The removal or resignation of an officer shall be without prejudice to the rights, if any, of the officer or the corporation under any contract of employment to which the officer is a party.

SECTION 4. PRESIDENT

The president shall be the chief executive officer and general manager of the corporation and shall, subject to the direction and control of the board of directors, have general supervision, direction, and control of the business and affairs of the corporation. He or she shall preside at all meetings of the shareholders and directors and be an exofficio member of all the standing committees, including the executive committee, if any, and shall have the general powers and duties of management usually vested in the office of president of a

corporation and shall have such other powers and duties as may from time to time be prescribed by the board of directors or these bylaws.

SECTION 5. VICE PRESIDENT

In the absence or disability of the president, the vice presidents, in order of their rank as fixed by the board of directors (or if not ranked, the vice president designated by the board) shall perform all the duties of the president and, when so acting, shall have all the powers of, and be subject to all the restrictions upon, the president. Each vice president shall have such other powers and perform such other duties as may from time to time be prescribed by the board of directors or these bylaws.

SECTION 6. SECRETARY

The secretary shall keep, or cause to be kept, at the principal executive office of the corporation, a book of minutes of all meetings of directors and shareholders. The minutes shall state the time and place of holding of all meetings; whether regular or special, and if special, how called or authorized; the notice thereof given or the waivers of notice received; the names of those present at directors' meetings; the number of shares present or represented at shareholders' meetings; and an account of the proceedings thereof.

The secretary shall keep, or cause to be kept, at the principal executive office of the corporation, or at the office of the corporation's transfer agent, a share register, showing the names of the shareholders and their addresses, the number and classes of shares held by each, the number and date of certificates issued for shares, and the number and date of cancellation of every certificate surrendered for cancellation.

The secretary shall keep, or cause to be kept, at the principal executive office of the corporation, the original or a copy of the bylaws of the corporation, as amended or otherwise altered to date, certified by him or her.

The secretary shall give, or cause to be given, notice of all meetings of shareholders and directors required to be given by law or by the provisions of these bylaws.

The secretary shall have charge of the seal of the corporation and have such other powers and perform such other duties as may from time to time be prescribed by the board of these bylaws.

In the absence or disability of the secretary, the assistant secretaries if any, in order of their rank as fixed by the board of directors (or if not ranked, the assistant secretary designated by the board of directors), shall have all the powers of, and be subject to all the restrictions upon, the secretary. The assistant secretaries, if any, shall have such other powers and perform such other duties as may from time to time be prescribed by the board of directors or these bylaws.

SECTION 7. TREASURER

The treasurer shall be the chief financial officer of the corporation and shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and business transactions of the corporation.

The treasurer shall deposit monies and other valuable sin the name and to the credit of the corporation with such depositories as may be designated by the board of directors. He or she shall disburse the funds of the corporation in payment of the just demands against the corporation as authorized by the board of directors; shall render to the president and the directors, whenever they request it, an account of all his or her transactions as treasurer and of the financial condition of the corporation; and shall have such other powers and perform such other duties as may from time to time be prescribed by the board of directors or the bylaws. In the absence of disability of the treasurer, the assistant treasurers, if any, in order of their rank as fixed by the board of directors (or if not ranked, the assistant treasurer designated by the board of directors), shall perform all the duties of the treasurer and, when so acting, shall have all the powers of and be subject to all the restrictions upon the treasurer. The assistant treasurers, if any, shall have such other powers and perform such other duties as may from time to time be prescribed by the board of directors or these bylaws.

SECTION 8. COMPENSATION

The officers of this corporation shall receive such compensation for their services as may be fixed by resolution of the board of directors.

ARTICLE V, EXECUTIVE COMMITTEES

SECTION 1

The board may, by resolution adopted by a majority of the authorized number of directors, designate one or more committees, each consisting of two or more directors, to serve at the pleasure of the board. Any such committee, to the extent provided in the resolution of the board, shall have all the authority of the board, except with respect to:

- (a) The approval of any action for which the approval of the shareholders or approval of the outstanding shares is also required.
- (b) The filling of vacancies on the board or in any committee.
- (c) The fixing of compensation of the directors for serving on the board or on any committee.
- (d) The amendment or repeal of bylaws or the adoption of new bylaws.
- (e) The amendment or repeal of any resolution of the board which by its express terms is not so amendable or repealable.
- (f) A distribution to the shareholders of the corporation, except at a rate or in a periodic amount or within a price range determined by the board.
- (g) The appointment of other committees of the board or members thereof.

ARTICLE VI, CORPORATE RECORDS AND REPORTS

SECTION 1. INSPECTION BY SHAREHOLDERS

The share register shall be open to inspection and copying by any shareholder or holder of a voting trust certificate at any time during usual business hours upon written demand on the corporation, for a purpose reasonably related to such holder's interest as a shareholder or holder of a voting trust certificate. Such inspection and copying under this section may be made in person or by agent or attorney.

The accounting books and records of the corporation and the minutes of proceedings of the shareholders and the board and committees of the board shall be open to inspection upon the written demand of the corporation by any shareholder or holder of a voting trust certificate at any reasonable time during usual business hours, for any proper purpose reasonably related to such holder's interests as a shareholder or as the holder of such voting trust certificate. Such inspection by a shareholder or holder of voting trust certificate may be made in person or by agent or attorney, and the right of inspection includes the right to copy and make extracts.

Shareholders shall also have the right to inspect the original or copy of these bylaws, as amended to date and kept at the corporation's principal executive office, at all reasonable times during business hours.

SECTION 2. INSPECTION BY DIRECTORS

Every director shall have the absolute right at any reasonable time to inspect and copy all books, records, and documents of every kind and to inspect the physical properties of the corporation, domestic or foreign. Such inspection by a director may be made in person or by agent or attorney. The right of inspection includes the right to copy and make extracts.

SECTION 3. RIGHT TO INSPECT WRITTEN RECORDS

If any record subject to inspection pursuant to this chapter is not maintained in written form, a request for inspection is not complied with unless and until the corporation at its expense makes such record available in written form.

SECTION 4. WAIVER OF ANNUAL REPORT

The annual report to shareholders, described in corporation's code is hereby expressly waived, as long as this corporation has less than 100 holders of record of its shares. This waiver shall be subject to any provision of law, including the corporation's code, allowing shareholders to request the corporation to furnish financial statements.

SECTION 5. CONTRACTS, ETC.

The board of directors, except as otherwise provided by the bylaws, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name and on behalf of the corporation. Such authority may be general or confined to specific instances. Unless so authorized by the board of directors, no officer, agent or employee shall have any power or

authority to bind the corporation by any contract, or to pledge its credit, or to render it liable for any purpose or to any amount.

ARTICLE VII, INDEMNIFICATION AND INSURANCE OF CORPORATE AGENTS

SECTION 1. INDEMNIFICATION

The directors and officers of the corporation shall be indemnified by the corporation to the fullest extent not prohibited by the corporation's code.

SECTION 2. INSURANCE

The corporation shall have the power to purchase and maintain insurance on behalf of any agent (as defined in the corporations code against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, whether or not the corporation would have the power to indemnify the agent against such liability under the provisions of the corporations code.

ARTICLE VIII, SHARES

SECTION 1. CERTIFICATES

The corporation shall issue certificates for its shares when fully paid. Certificates of stock shall be issued in numerical order, and shall state the name of the record holder of the shares represented thereby; the number, designation, if any, and the class or series of shares represented thereby; and contain any statement or summary required by any applicable provision of the corporation's code. Every certificate for shares shall be signed in the name of the corporation by 1) the chairperson or vice chairperson of the board or the president or a vice president and 2) by the treasurer or the secretary or an assistant secretary.

SECTION 2. TRANSFER OF SHARES

Upon surrender to the secretary or transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment, or authority to transfer, it shall be the duty of the secretary of the corporation to issue a new certificate to the person entitled thereto, to cancel the old certificate, and to record the transaction upon the share register of the corporation.

SECTION 3. RECORD DATE

The board of directors may fix a time in the future as a record date for the determination of the shareholders entitled to notice of and to vote at any meeting of shareholders or entitled to receive payment of any dividend or distribution, or any allotment of rights, or to exercise rights in respect to any other lawful action. The record date so fixed shall not be more than sixty (60) days nor less than ten (10) days prior to the date of the meeting nor more than sixty (60) days prior to any other action. When a record date is so fixed, only shareholders of record on

that date are entitled to notice of and to vote at the meeting or to receive the dividend, distribution, or allotment of rights, or to exercise the rights as the case may be, notwithstanding any transfer of any shares on the books of the corporation after the record date.

ARTICLE IX, AMENDMENT OF BYLAWS

SECTION 1. SHAREHOLDERS

Bylaws may be adopted, amended or repealed by the affirmative vote or by the written consent of holders of a majority of the outstanding shares of the corporation entitled to vote. However, a bylaw amendment which reduces the fixed number of directors to a number less than five (5) shall not be effective if the votes cast against the amendment or the shares not consenting to its adoption are equal to more than $16 \frac{2}{3}$ percent of the outstanding shares entitled to vote.

SECTION 2. DIRECTORS

Subject to the right to shareholders to adopt, amend or repeal bylaws, the directors may adopt, amend or repeal any bylaw, except that a bylaw amendment changing the authorized number of directors may be adopted by the board of directors only if prior to the issuance of shares.

CERTIFICATE

This is to certify that the foregoing is a true and correct copy of the Bylaws of the corporation named in the title thereto and that such Bylaws were duly adopted by the board of directors of the corporation on the date set forth below.

Date: [DATE]

Secretary