

House District 43

Senate District 21

**THE TWENTY-NINTH 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: Council for Native Hawaiian Advancement

Dba:

Street Address: 2149 Lauwiliwili Street, Suite 200, Kapolei, HI 96707

Mailing Address: Same as Above

2. CONTACT PERSON FOR MATTERS INVOLVING THIS APPLICATION:

Name NAPALI WOODS

Title Senior Vice President

Phone # 808-596-8155

Fax # 808-596-8156

E-mail info@hawaiiancouncil.org

3. TYPE OF BUSINESS ENTITY:

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

6. DESCRIPTIVE TITLE OF APPLICANT'S REQUEST:

 NATIVE CDFI FUND OPERATIONS

4. FEDERAL TAX ID #: _____

5. STATE TAX ID #: _____

7. AMOUNT OF STATE FUNDS REQUESTED:

FISCAL YEAR 2018: \$ 174,850

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 \$ 174,850

FEDERAL \$ _____

COUNTY \$ 15,000

PRIVATE/OTHER \$ 30,000

TYPE NAME & TITLE OF AUTHORIZED REPRESENTATIVE:

AUTHORIZED SIGNATURE

 Michelle Kawahara, President

NAME & TITLE

 JANUARY 20, 2017

DATE SIGNED



RECEIVED

 1/20/17

**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, Hawai'i 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, Hawai'i 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, Hawai'i 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, Hawai'i 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.

Council for Native Hawaiian Advancement

(Typed Name of Individual or Organization)



(Signature)

1/20/17

(Date)

Michelle Kawane

(Typed Name)

President

(Title)

Application for Grants

If any item is not applicable to the request, the applicant should enter "not applicable".

I. Background and Summary

This section shall clearly and concisely summarize and highlight the contents of the request in such a way as to provide the State Legislature with a broad understanding of the request. Please include the following:

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

The Council for Native Hawaiian Advancement (CNHA) is a 501(c) 3, nonprofit organization and a Native CDFI, certified by the US Treasury Department. Since 2010, CNHA has operated a community loan fund that provides access to capital for affordable housing, energy efficiency upgrades and micro-enterprise loans with a focus on meeting the needs of underserved communities and low to moderate income families throughout Hawaii. As a HUD Certified Housing Counseling Agency, CNHA offers financial training and individualized counseling to complement its loan products. CNHA has consistently provided asset - building programs to help families achieve economic self-sufficiency. We aim to close the gap on wealth inequality by creating economic opportunities in local communities.

Founded in 2001, CNHA's mission is to enhance the well-being of Hawaii through the cultural, economic, political and community development of Native Hawaiians.

2. The goals and objectives related to the request;

The goal of this request is to expand CNHA's reach to better support local and rural community development with increased outreach, technical assistance services and capital deployment to support affordable housing, energy efficiency and micro-enterprises. Expanding CNHA's services in underserved rural areas is a means to create change in economically distressed communities. Stable housing is the cornerstone to family stability while microenterprises are a critical component of and major contributor to the strength of local economies. Housing and economic development help stimulate economic growth by creating new jobs and revenues.

Objective 1: Provide financial education and/or small business development training to 150 individuals. This includes offering more opportunities to share

about Artists as Small Businesses, Foundations of Small Business Entrepreneurship, and Foundations of Agribusiness (Farming and Ranching) CNHA currently delivers small business trainings but serving 150 clients would triple our current volume and we currently have the capital secured to do greater outreach.

Objective 2: Provide individualized financial counseling services to at least 100 individuals for credit repair and/or debt reduction to assist potential homeowners and/or entrepreneurs in securing capital.

Objective 3: Deploy \$500,000 in loan capital for micro-enterprises/small business development or housing. CNHA was awarded a USDA RMAP award of \$500,000 to work with new and growing micro-enterprises. We are poised to provide a significant leverage of federal dollars if granted a GIA award.

Objective 4: Hire a Loan Fund Manager to restructure the current loan fund staffing to prepare for the expanded services. CNHA has a current loan fund manager. However, GIA funding would provide us the opportunity to move the existing loan fund manager to oversee development services and a new hire would oversee the actual portfolio management, underwriting and loan servicing. As we continue to attract new capital to our loan fund it is necessary to properly structure human resources for success.

3. The public purpose and need to be served;

The purpose of the project is to stimulate healthy economic growth in underserved rural communities in Hawaii. An unmet need exists among rural communities for access to capital, financial products, and development services to support financial independence. Growing micro-enterprises and providing affordable housing products increases financial independence while reducing the burden on the state to provide social services.

Describe the target population to be served;

We will target underserved Hawaii residents who are low to moderate income earners and/ or rural Hawaii residents.

Describe the geographic coverage.

Our services are open to all residents statewide but we will specifically seek to provide services to residents in underserved or under achieving communities on Oahu, Kauai and Hawaii.

II. Service Summary and Outcomes

The Service Summary shall include a detailed discussion of the applicant's approach to the request. The applicant shall clearly and concisely specify the results, outcomes, and measures of effectiveness from this request. The applicant shall:

I. Describe the scope of work, tasks and responsibilities;

Financial Literacy/Small Business Development Promotion: CNHA will do appropriate outreach and promotion of its educational services with a focus on meeting the existing needs we have identified on Kauai, Oahu and Hawaii. Promotion and outreach of CNHA trainings will happen every month throughout the project through our list serve, weekly newsclips distribution, our web page, social media and community resource partners.

Coordinate and Deliver Training Workshops: CNHA will coordinate a schedule of in person and on line training opportunities with a focus on Oahu, Kauai and Hawaii.

In the first month of the project period, CNHA will develop a training schedule. On line workshops will be scheduled once a month (last Friday of the month). In person workshops will be scheduled quarterly. 1st Quarter, Oahu, 2nd Quarter Kauai, 3rd Quarter East Hawaii, 4th Quarter West Hawaii. We currently have the ability to do both in person and on line trainings.

Individualized counseling and technical assistance: Following participation in a group workshop, participants will have the opportunity to engage in one on one services for financial credit counseling, business plan development assistance, home construction and/or renovation support, etc. CNHA will provide personalized TA to support the varying needs of our clients.

Individualized counseling will be made available throughout the project period and will be delivered as scheduled by participants. CNHA is able to offer on line and in person counseling services and has partnership with community based organizations on Kauai and Hawaii to utilize sufficient office space for face to face meetings.

Loan packaging: CNHA will offer assistance to access capital from our loan fund an/or connect clients to our network of resources that may be of assistance.

Loan packaging will be dependent on submittal of a completed loan application and a satisfactory determination that borrowers have the ability to repay.

As a result of state funding, CNHA will produce the following outcomes:

- 150 individuals will receive financial literacy/small business development training
- 100 individuals will receive individualized counseling tailored to meet their financial goals

- Deploy \$500,000 in loan capital
- Loan Fund Manager will be hired to support the expansion of loan products and services

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

Results	Qtr 1	Qtr 2	Qtr 3	Qtr 4
150 trained	35	35	40	40
100 Counseling	25	25	25	25
Capital Deployed \$500,000	\$100K	\$125K	\$125K	\$150K
Loan Fund Manager	HIRED			

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

CNHA will have workshop participants complete an evaluation form during workshop sessions and following individualized counseling sessions. Evaluations and feedback are always reviewed and considered for ongoing adjustments and improvement. Pre and post surveys are also used to determine CNHA's impact due to the services offered.

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. Please note that if the level of appropriation differs from the amount included in this application that the measure(s) of effectiveness will need to be updated and transmitted to the expending agency.

CNHA will report to the designated expending agency on a quarterly basis the results of our work as it compares to our projected goals of serving 150 with training, 100 with counseling, deploying \$500,000 in loan capital, and hiring a loan fund manager. We anticipate hiring the manager in the first quarter and accomplishing 25% of the total goal in each quarter.

III. Financial

Budget

1. The applicant shall submit a budget utilizing the enclosed budget forms as applicable, to detail the cost of the request.
2. The applicant shall provide its anticipated quarterly funding requests for the fiscal year 2018.

Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total Grant
\$45,000	\$43,000	\$43,425	\$43,425	\$174,850

3. The applicant shall provide a listing of all other sources of funding that they are seeking for fiscal year 2018.

Funding Source	Amount	Status
Oweesta Corporation	\$15,000	Secured
USDA RMAP	\$500,000 (loan capital)	Secured
Kresge Foundation	\$500,000 (loan capital)	Pending
US Treasury	\$500,000 (loan capital)	Apply in February
National CAPACD	\$15,000	Secured
C&C – Honolulu	\$15,000	Pending

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

Not Applicable

5. The applicant shall provide a listing of all federal, state, and county government contracts and grants it has been and will be receiving for program funding.

Not Applicable

6. The applicant shall provide the balance of its unrestricted current assets as of December 31, 2016.

#2,183,369.27

CNHA's total unrestricted assets as of 12/31/16 = \$1,353,747.77

IV. Experience and Capability

A. Necessary Skills and Experience

The applicant shall demonstrate that it has the necessary skills, abilities, knowledge of, and experience relating to the request. State your experience and appropriateness for providing the service proposed in this application. The applicant shall also provide a listing of verifiable experience of related projects or contracts for the most recent three years that are pertinent to the request.

CNHA is a certified Native Community Development Financial Institution (CDFI) that has been dedicated to offering statewide services to underserved and underperforming communities, including, but not limited to, the trust land areas geographically defined by the Hawaiian Homes Commission Act of 1920. We have developed products that meet needs in energy upgrades, home repair and construction, small business development, and organizational sustainability. Each of these services has been paired with technical training and educational workshops to prepare the participants for success. This year marks our second year of offering small business development workshops with dedicated focus on three areas: entrepreneurship, artists and cultural practitioners, and farming and ranching. We have a background in technical assistance and training for our clients participating in individual development accounts, our members looking to expand their growth as nonprofits, and our microenterprise borrowers who have utilized our support for the expansion of their businesses.

From 2010 to 2013, CNHA administered the Hawaii Family Finance Project that focused on serving families statewide to prepare for and achieve homeownership. The project provided families with homebuyer education, individualized counseling services and Individual Development Accounts to incentivize saving for down payments and closing costs. The project was hugely successful serving a total of 2,973 families. CNHA issued \$567,936 in matched savings grants to support home purchases and assisted 160 families with the purchase of their new homes. We have had a significant impact in serving our target market over the years with a track record of quality service delivery.

In the last two years, CNHA has been working on expanding our development services with our attention focused on micro-enterprises. We are currently in delivering training and technical assistance for entrepreneurs and have successfully secured loan capital through the USDA RMAP program in November 2016.

B. Facilities

The applicant shall provide a description of its facilities and demonstrate its adequacy in relation to the request. If facilities are not presently available, describe plans to secure facilities.

Our organization currently rents a space in Kapolei in the Campbell Industrial Park. This location allows us close access to community organizations on the west region of Oahu. We have 4 private offices, cubicles and a modest conference room.

Our program will require us to utilize other community classroom/meeting spaces but we are very familiar with the resources available throughout the state. Should facility use be a problem, we also provide trainings via webinar services to support our limitations by geography.

V. Personnel: Project Organization and Staffing

A. Proposed Staffing, Staff Qualifications, Supervision and Training

The applicant shall describe the proposed staffing pattern and proposed service capacity appropriate for the viability of the request. The applicant shall provide the qualifications and experience of personnel for the request and shall describe its ability to supervise, train and provide administrative direction relative to the request.

Michelle Kauhane- President & CEO

Michelle Kauhane is the CNHA President and CEO with over 20 years of management experience in both the private and non-profit sector. She has extensive experience in mortgage financing, housing counseling and community development and provides leadership in our CDFI programing and product development. She will dedicate 10% of her time to oversight responsibility, working directly with the loan fund manager on this project.

Napali Woode- Senior Vice President & CFO

Napali Woode oversees the organization's accounting, administration, and loan servicing. He will dedicate 10% of his time to administration and accounting functions associated with funding and servicing loans.

Geri Mendiola- Program Manager & HUD Housing Counselor

Geri Mendiola is CNHA's Program Manager and and a Certified Housing Counselor with certification in pre-purchase homebuyer education and counseling. Geri also has a solid background in mortgage financing, underwriting and credit counseling. She will dedicate 50% of her time to direct financial services to clients and oversight of development services.

Kehau Meyer- Program Manager, Communications & Capacity

Kehau Meyer is CNHA's lead on communications and provides technical training and support for all marketing, press releases, public relations, and community development related outreach. She will dedicate 10% of her time to promoting and advertising the project.

a. Terri Aweau-Training Specialist

Terri Aweau is the lead trainer for our outreach workshops. She has several years of experience in delivering technical training and assistance focused curriculum on various topics. She currently delivers our small business curriculum via webinar and in-person. She will dedicate 50% of her time to delivering workshops and technical assistants to participants in the program.

B. Organization Chart

The applicant shall illustrate the position of each staff and line of responsibility/supervision. If the request is part of a large, multi-purpose organization, include an organization chart that illustrates the placement of this request.

C. Compensation

The applicant shall provide the annual salaries paid by the applicant to the three highest paid officers, directors, or employees of the organization by position.

President & CEO - \$80,000
Senior VP & CFO - \$80,000
Program Managers - \$50,000

VI. Other

A. Litigation

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

Not Applicable

B. Licensure or Accreditation

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

See attached CDFI Certification and HUD Housing Counseling Certification

C. Private Educational Institutions

The applicant shall specify whether the grant will be used to support or benefit a sectarian or non-sectarian private educational institution. Please see Article X, Section 1, of the State Constitution for the relevance of this question.

Not Applicable

D. Future Sustainability Plan

The success of this program with State GIA support could potentially provide us with sustainability by means of our loan origination fees and interest revenues. With secured loan capital (USDA RMAP), greater outreach and expansion of our

existing programming made possible through an additional staff (loan fund manager), we have the potential to increase our revenues to cover the cost of the loan fund manager.

E. Certificate of Good Standing (If the Applicant is an Organization)

See attached Certificate of good standing

BUDGET REQUEST BY SOURCE OF FUNDS

Period: July 1, 2017 to June 30, 2018

App Council for Native Hawaiian Advancement

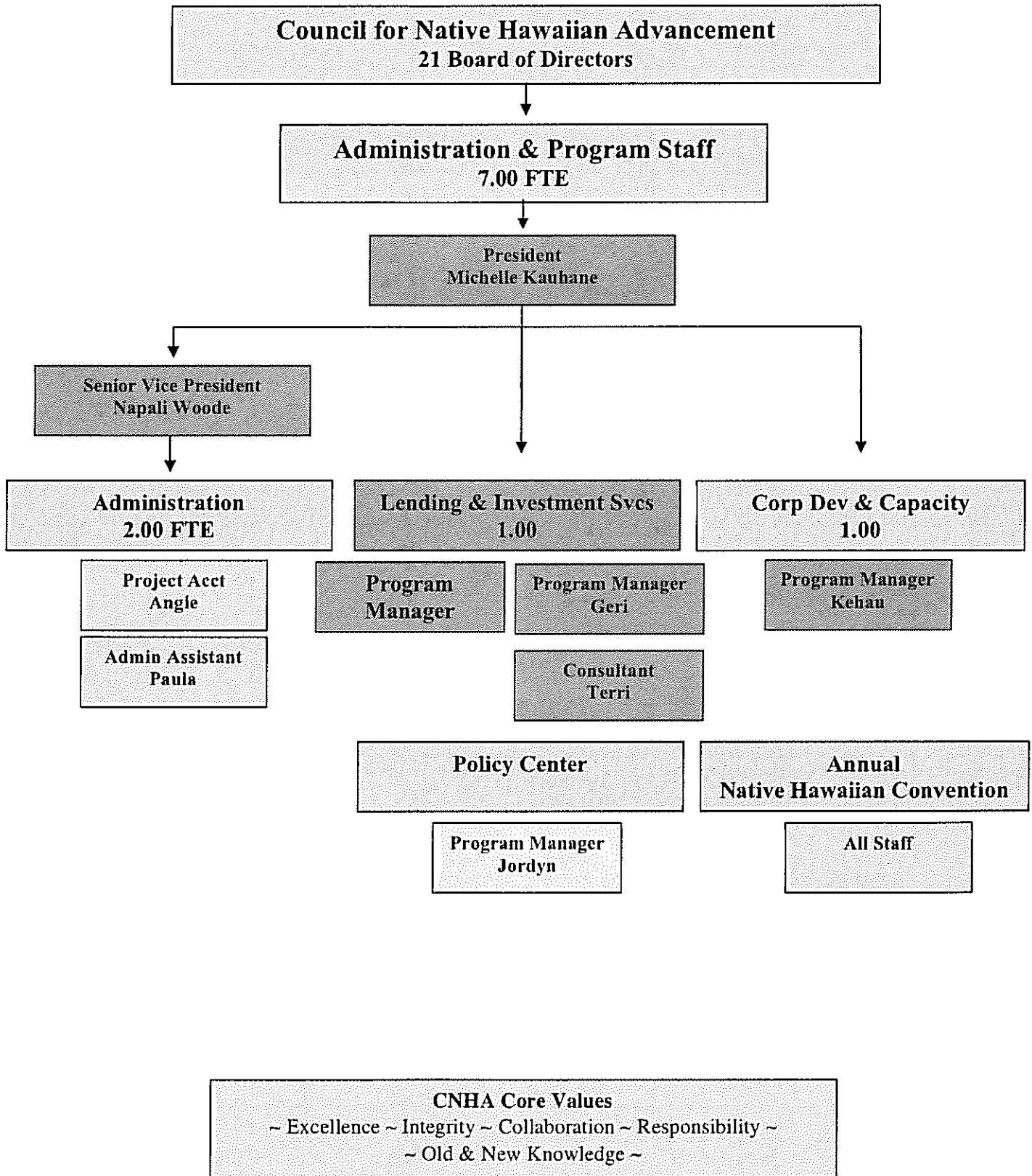
BUDGET CATEGORIES	Total State Funds Requested (a)	Total Federal Funds Requested (b)	Total County Funds Requested (c)	Total Private/Other Funds Requested (d)
A. PERSONNEL COST				
1. Salaries	117,000			30,000
2. Payroll Taxes & Assessments	11,700			
3. Fringe Benefits	29,250			
TOTAL PERSONNEL COST	157,950			30,000
B. OTHER CURRENT EXPENSES				
1. Airfare, Inter-Island	8,000			
2. Insurance			2,000	
3. Lease/Rental of Equipment				
4. Lease/Rental of Space	4,200		8,000	
5. Staff Training	2,500			
6. Supplies	1,200		1,500	
7. Telecommunication				
8. Utilities	1,000			
9. Advertising/Marketing			3,500	
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TOTAL OTHER CURRENT EXPENSES	16,900		15,000	
C. EQUIPMENT PURCHASES				
D. MOTOR VEHICLE PURCHASES				
E. CAPITAL		500,000		500,000
TOTAL (A+B+C+D+E)	174,850		15,000	30,000
SOURCES OF FUNDING		Budget Prepared By:		
(a) Total State Funds Requested	174,850	<div style="display: flex; justify-content: space-between;"> <div style="width: 60%;"> <p><i>Michelle Kahane</i></p> <p>Name (Please type or print)</p> <p>Signature of Authorized Official</p> <p><i>President</i></p> <p>Name and Title (Please type or print)</p> </div> <div style="width: 35%;"> <p>596-8155</p> <p>Phone</p> <p>1/20/17</p> <p>Date</p> </div> </div>		
(b) Total Federal Funds Requested				
(c) Total County Funds Requested	15,000			
(d) Total Private/Other Funds Requested	30,000			
TOTAL BUDGET	219,850			

BUDGET JUSTIFICATION - PERSONNEL SALARIES AND WAGES

Period: July 1, 2017 to June 30, 2018

Applicant: Council for Native Hawaiian Advancement

POSITION TITLE	FULL TIME EQUIVALENT	ANNUAL SALARY A	% OF TIME ALLOCATED TO GRANT REQUEST B	TOTAL STATE FUNDS REQUESTED (A x B)
President & CEO	1	\$80,000.00	10.00%	\$ 8,000.00
Senior VP & CFO	1	\$80,000.00	10.00%	\$ 8,000.00
Program Manager - Loan Fund	1	\$50,000.00	100.00%	\$ 50,000.00
Program Manager - Communications & Capacity	1	\$50,000.00	10.00%	\$ 5,000.00
Program Manager - Financial Counseling Services	1	\$50,000.00	50.00%	\$ 25,000.00
Small Business Development Trainer	1	\$42,000.00	50.00%	\$ 21,000.00
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TOTAL:				117,000.00
JUSTIFICATION/COMMENTS:				
CNHA is seeking 2.2 FTE to dedicate to expanding access to capital and financial services to underserved rural communities on Oahu, Kauai and Hawaii.				



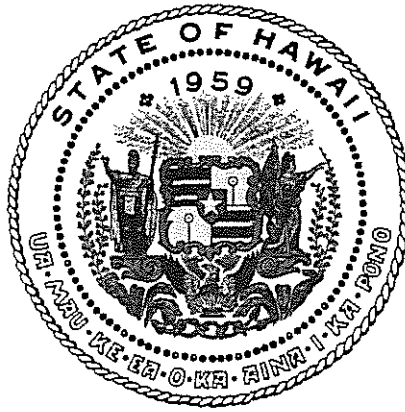
Dark shaded boxes indicate positions partially dedicated to the project. The Program Manager position under lending and investment services with no name is vacant and would be filled if the GIA is awarded.

GOVERNMENT CONTRACTS AND / OR GRANTS

Applicant: Council for Native Hawaiian Advancement

Contracts Total: 1,638,780

	CONTRACT DESCRIPTION	EFFECTIVE DATES	AGENCY	GOVERNMENT ENTITY (U.S. / State / Haw / Hon / Kau / Mau)	CONTRACT VALUE
1	CBED Nonprofit Accelerator Pilot	03/01/15-05/29/16	DBEDT	State	90,000
2	Hawaii Individual Development Account (Native Hawaiian Housing)	07/01/15-06/30/17	Office of Hawaiian Affairs	State	348,780
3	FY2015 NACA Program- Loan Capital	9/10/2015	US Treasury CDFI Fund	U.S.	700,000
4	Rural Microentrepreneur Assistance Program (RMAP)- Loan Capital & Grant	8/25/2016	USDA	U.S.	500,000
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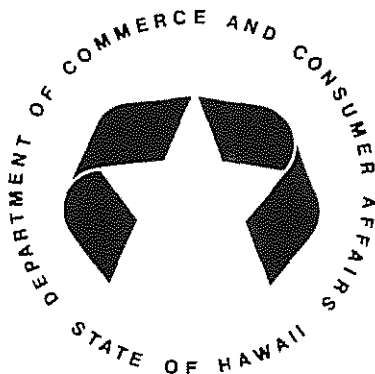
Department of Commerce and Consumer Affairs

CERTIFICATE OF GOOD STANDING

I, the undersigned Director of Commerce and Consumer Affairs of the State of Hawaii, do hereby certify that

COUNCIL FOR NATIVE HAWAIIAN ADVANCEMENT

was incorporated under the laws of Hawaii on 08/29/2001 ; that it is an existing nonprofit corporation; and that, as far as the records of this Department reveal, has complied with all of the provisions of the Hawaii Nonprofit Corporations Act, regulating domestic nonprofit corporations.



IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Department of Commerce and Consumer Affairs, at Honolulu, Hawaii.

Dated: January 19, 2017

Director of Commerce and Consumer Affairs