

Small Business Regulatory Review Board

MINUTES OF REGULAR MEETING

October 15, 2014

Conference Room 436 - No. 1 Capitol District Building, Honolulu, Hawaii

- I. **CALL TO ORDER:** Chair Borge called the meeting to order at 9:32 a.m. with a quorum present.

MEMBERS PRESENT:

- Anthony Borge
- Kyoko Kimura
- Wayne Tanaka
- Ashley Leahey
- Mark Ritchie

ABSENT MEMBERS:

- Craig Takamine
- Barbara Bennett
- Harris Nakamoto

STAFF: DBEDT
Dori Palcovich

Office of the Attorney General
Margaret Ahn

II. INTRODUCTION OF NEW BOARD MEMBER

Chair Borge welcomed and introduced Ms. Ashley Leahey, this Board's newest board member. Ms. Leahey is from the County of Maui and recently graduated from University of Hawaii at Manoa in the executive MBA program. She currently works for a graphic art and designing company and is the owner of an online business.

III. APPROVAL OF SEPTEMBER 30, 2014 MEETING MINUTES

Ms. Kimura made a motion to accept the September 30, 2014 minutes, as presented. Mr. Ritchie seconded the motion, and the Board members unanimously agreed.

IV. ADMINISTRATIVE MATTERS

- A. Discussion and Presentation from Ms. Sarah Allen, Administrator from Hawaii's State Procurement Office (SPO) regarding how SPO can improve upon its procurement process by utilizing the functions and role of this Board

Chair Borge introduced Ms. Sarah Allen from the State's SPO, explaining that she is in attendance today to speak with the members about her initiative regarding Chapter 103D, Hawaii Revised Statutes, which creates "set-asides" for small businesses, how it would pertain to this Board, and what direction she is planning to take in regards to the involvement of this Board. Ms. Allen confirmed that there is currently a statute that creates a small business set-aside program, as well as an executive memorandum from Governor Linda Lingle that requires no less than 20% of all State contracts to be procured by creating set-asides for small businesses.

Ms. Allen began her career in South Africa and has experience as a CFO and CEO that includes accounting, contracts and acquisitions. She worked with the U.S. Air Force and Pentagon, and has experience with small businesses in the federal arena. She reiterated that a few years ago, a small business set-aside program, managed by a small business utilization council, was instituted due to a State statute and governed by 18-month interim rules. As the rules have expired, her plan is to revive the program by creating a “new” program with this Board as an integral part of the process.

Ms. Allen’s biggest issue in establishing a new set-aside program is to create a small business office. She believes the program should not be part of SPO, largely because the Procurement Board lacks small business expertise; there may also be potential conflicts. She believes this Board and DBEDT would be the proper arena for this program; however, without sufficient staff with specific guidelines, it will be very difficult to implement such a program.

Ms. Allen’s concept entails the creation of a small business “advisory group” that would assist in the creation of the small business office and set-aside program; it will consist of skilled and knowledgeable small business stakeholders. Goals of the advisory group will include determining priorities and key issues, creating administrative rules and structuring guidelines under those rules, distributing appropriate information, and defining small business. She envisions this Board as the “champion” in this initiative with overarching authority of the small business office, but with SPO having a “flat structure relationship” that would work together with this Board. Sufficient rules and a small business office administering those rules will likely make it easier and more attractive for small businesses to contract with the State, ultimately creating a competitive market in Hawaii. The small business office would have its own budget and staff. Such an arrangement would require approval of the State legislature.

Further, Ms. Allen believes the rules should be logical and practical for the Hawaii small businesses, and they should not be a copy of the federal process (Small Business Administration), which is what had been created by the prior small business utilization council. Ms. Hokulei Lindsay, an attorney and assistant to Ms. Allen, noted that in her research, she found 13 other states with small business set-aside or preference programs. In a majority of those states, there was a specialized office that worked in conjunction with its SPO, setting forth the certification process in terms of who participates in the program, etc. Also, some of the states have re-certification processes and training programs.

Several questions were posed by the members; one of which Deputy Attorney General Ahn responded by explaining that the Board’s current statute, as written, does not give this Board the authority to be engaged in maintaining the set-aside program. In response to a question regarding proper protocol, Ms. Allen confirmed that at the appropriate time, management will be advised of the intended plans to move forward with this initiative. The first advisory group meeting is scheduled for October 29, 2014; Ms. Allen plans to accomplish as much as possible by the end of December 2014

Chair Borge explained that this project is in its preliminary stages and will take a great deal of effort to accomplish a game plan to execute a logical set-aside program. While it makes sense to initially support this program, whether this Board should be its governing body is a separate issue. It is also unknown how the new Administration and the State legislators will receive this Board’s involvement and to what extent. However, he added that the program

could potentially be extremely good for small businesses, with the underlying concept that this Board is known as the “voice” of small business.

It was agreed that DBEDT staff will draft a letter to Ms. Allen conveying this Board’s support of SPO’s initial intent to move forward with the creation of a business advisory group, with the intent of implementing a set-aside program for Hawaii small businesses. DBEDT staff will also find out whether or not the advisory group is governed by Sunshine Law, as this may make a difference as to whether or not an SBRRB member may partake in it.

Ms. Kimura made a motion for this Board to authorize its Chair to participate as a member of SPO’s small business advisory group to investigate the creation of a small business office to facilitate the State’s set-aside program. Mr. Tanaka seconded the motion, and the Board members unanimously agreed.

B. Review of scheduled 2015 Board Meeting Dates

The members reviewed and agreed to the proposed board meeting dates for 2015.

V. NEXT MEETING – Scheduled for Wednesday, November 19, 2014, 250 South Hotel Street, Honolulu, HI, Room 436.

VI. ADJOURNMENT – Ms. Kimura made a motion to adjourn the meeting; Mr. Tanaka seconded the motion and the meeting adjourned at 11:10 a.m.