Hawai'i Island Meat Cooperative

From Island Farms to Island Tables

2016

Description of Agricultural Producer Cooperative Membership Opportunity

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Our Mission:

To provide quality, local, and wholesome meats through a collaboration of small family producers and Hawai‘i consumers.

Our Vision:

Through our members’ cooperative efforts, Hawai‘i Island Meat Cooperative revitalizes small-scale meat production on Hawai‘i Island and is a reliable source of high-quality meats throughout the Hawaiian Islands.

Table of Contents

Executive Summary

Hawai'i Island Meat Cooperative ("HIMC" or "the Cooperative") was founded to serve the unmet needs of small- to mid-scale meat producers on Hawai'i Island and to increase the amount of quality, local meats entering island markets. Its primary service is the operation of a Mobile Slaughter Unit ("MSU"), which many consider to be more convenient, humane, and economical than fixed-facility slaughterhouses. HIMC is now offering island producers the opportunity to join the Cooperative as member-owners.

At this time, only bona fide agricultural producers engaged in hunting or raising livestock, including primarily pigs, sheep, goats, and cattle, are eligible for membership. Eligible producers may become members of HIMC by purchasing one share of Membership Common Stock for $500. Each share entitles a member to all of the benefits of membership including: the right to vote on certain business-management decisions, preferred slaughter scheduling, discounted service prices, and the opportunity to market his/her products through the Cooperative. Membership also comes with certain responsibilities including: the requirement to patronize the Cooperative through use of its services, to attend at a minimum the annual membership meeting and, if qualified, to consider serving on the governing Board of Directors.

This document provides a description of the opportunity for eligible producers to purchase membership in HIMC. It provides background on Hawai'i Island's MSU initiative, which has been ongoing for over four years, and the general MSU concept. It also outlines how cooperatives work and what distinguishes them from other business structures, why this particular model was selected for HIMC, and what it means to be a cooperative member-owner. Finally, it reviews some of the key benefits of joining HIMC, provides a summary of the business' financial projections, and describes HIMC's long-term vision and goals.

Two key documents are attached: (1) Membership Application and New Member Scheduling Form and (2) Production Standards and Owner Certificate for members who may wish to participate in the HIMC marketing program. Additional organizational documents, including the Articles of Incorporation, Bylaws, and an Executive Summary of HIMC's Business Plan, can be found online at HawaiiIslandMeat.com. Any questions may be addressed to hawaiiislandmeat@gmail.com or (808) 776-1870.

Disclaimer

Cooperative Member Investment

In deciding whether or not to join HIMC, producers should consider several unique aspects of the cooperative business model. First, each member in the Cooperative is entitled to one share of Membership Common Stock at the share price of $500 and to one vote. This helps ensure democratic decision-making and prevents the organization from being controlled by any one member or a subset of members who do not represent the general body.

Membership Common Stock is also non-transferable, except as permitted by applicable statute and HIMC's Articles and Bylaws. Upon termination of membership, the Cooperative Board may either approve the designation of a transferee of the member's membership interest (generally a family member, heir, or business successor) or, if no such transferee is designated, the membership share is sold back to the Cooperative, at which point the member receives a refund of his/her stock purchase price. Any accumulated and unredeemed patronage capital credits will be redeemed in accordance with the Cooperative's plan of redemption.

Cooperatives exist to serve their members' needs, essentially at cost, with profits distributed to members. When the Cooperative has annual profits, distributions to members are not based on how much equity the member has put in, but on his/her relative patronage (or use) of the Cooperative's services in that year. So, the more a member uses the Cooperative, the more the member is apt to get out of it.

Finally, like all business investments, a certain degree of risk accompanies cooperative member investment. If the business is unprofitable over multiple years, it may become unable to service its debts and members' equity may be lost. **A member's stock purchase in the Cooperative is not secured.** Accordingly, such an investment may not be appropriate for producers who cannot afford to lose their entire investment (see "Risks," page 5). However, all Cooperative financial statements are made available and are transparent to the membership, with reports presented orally and in writing at least once each year. Cooperative members also have various opportunities to influence business decision-making and strategic planning – for instance, by serving on the Board of Directors or a Committee, which has governance powers and may include Directors, members and/or outside advisors. Thus, by joining a cooperative, a member gains the chance – and the responsibility – to become a participating business owner along with other like-minded producers who share their values. Detailed planning has gone into developing HIMC's financial projections to date, which are presented on pages 15-16 of this document.

HIMC reserves the right to reject any membership application and stock subscription in whole or in part. Approval of Membership Applications and subscriptions for a share of Membership Common Stock is at the discretion of the HIMC Board of Directors. The application process starts by submitting a properly executed Membership Application (see Attachments). For questions or help filling out the Membership Application, contact hawaiiislandmeat@gmail.com or (808) 776-1870.

Cautionary Statement About Forward-Looking Statements

This Opportunity Description contains Forward-Looking Statements, which are based on the beliefs and expectations of the HIMC Board and its advisors and on information currently available. Forward-Looking Statements may be found under the "Financial Projections Summary" as well as in other sections of this document. They include statements in which the Cooperative uses words such as "may," "will," "could," "should," "expect," "believe," "anticipate," "estimate," "continue," "plan," "intend," "project," or similar expressions.

Forward-Looking Statements involve numerous assumptions, risks, and uncertainties. Important factors that could significantly affect the Cooperative's current plans, anticipated actions, and future financial condition and results include, among others, those set forth under the "Risks" section below. Actual results may differ from those contemplated by any Forward-Looking Statements. The Cooperative cautions members not to put undue reliance on any Forward-Looking Statements, which speak only to circumstances and knowledge available to date.

Risks

Purchasing a Share of Membership Common Stock in HIMC involves a degree of risk. Listed below are risk factors that the Cooperative is aware of; however, there may be additional unrecognized risks.

General risks: There are general risks associated with starting any new business – especially one of this scope – many of which are beyond the control of the Board of Directors and Management. The likelihood of success must be considered in light of potential difficulties, complications, delays, and unforeseen expenses that may be encountered in such an effort.

Limited experience: HIMC will operate the first truly *mobile* slaughter unit on any of the Hawaiian Islands. As such, development of the cooperative business is "uncharted terrain" for most of those involved. However, the Board and HIMC advisors have and continue to work with leading MSU experts from across the country (including several agricultural cooperatives formed specifically to operate an MSU in their region) to provide training and share best practices and insights about "what to do" and "what not to do."

Reliance on key personnel: HIMC will rely on its Management, Staff, and Board of Directors to exercise good judgment and develop sound business practices for the Cooperative. The General Manager and Head Butchers, in particular, will be responsible for scheduling slaughter services; ensuring that the MSU complies with all federal, state, and local regulations; coordinating marketing and sales; and ensuring that quality butchering and meat-processing services are delivered. Job position descriptions are currently being developed and none of these employees have yet been hired.

Uncertain availability of additional qualified personnel: There is no guarantee that HIMC will be able to recruit and retain people possessing the skills and experience needed to support its successful business operations over the short- and long-term.

Uncertain ability to meet cash obligations: There can be no assurance that the financial projections contained herein will be realized.

Unsecured and subordinated obligations: The Membership Common Stock offered by the Cooperative is not secured by any property pledged as capital and is subordinate to other lenders.

Non-liquidity: This stock cannot be sold, assigned, or transferred to another person or entity other than HIMC, except in accordance with HIMC's Bylaws and applicable statute.

Uninsured: These stocks are not bank deposits and therefore are not insured by the FDIC or any other government agency.

Supply-chain management: HIMC relies on its producer-members for the majority of its service and product volumes. Initially, it will also rely on third parties for the majority of its value-added meat fabrication (chilling, aging, cut/wrap). The inability of any of these parties to deliver or participate in a timely or cost-effective manner could cause the Cooperative's operating costs to rise and its margins to fall. According to producer surveys conducted as part of a feasibility study in summer/fall 2014, producer interest in using the MSU's slaughter services is sufficient to validate the business model; meat processors on Hawai'i Island and Moloka'i have stated an interest in providing value-added services to HIMC and its members (space permitting). However, livestock production is a dynamic industry and HIMC cannot guarantee that its producer-members and/or initial processors will be able to meet its needs or that amounts or capacity will be available when needed.

Chill-Cut-Wrap services: Based on the experience of other successful and failed MSU projects across the continental U.S., the economic viability of MSUs often rests in large part on their ability to control the entire value chain, from slaughter to processing, marketing, and sales. HIMC plans to acquire its own chill-cut-wrap facility by its 19th month of operations (anticipated in fall 2017). However, funding for this purpose has not yet been secured. Initial meat fabrication will be provided by several third-party contractors on the island and/or other islands. This is expected to provide a viable intermediate solution but not a long-term means for the Cooperative to achieve the vertically integrated operations it seeks and which are needed to fully benefit its members and maximize revenues and operational efficiencies.

Meat sales: Once HIMC's own chill-cut-wrap facility is operational, the majority of business revenues are gradually expected to come from the sale of members' meat products. This assumption is based on current retail and wholesale meat prices, supply and demand for local meat products, consumer preferences, and producers' interest in participating in HIMC's marketing program.

Regulatory compliance and product liability: Non-compliance with any of the federal, state, and local regulations pertaining to animal slaughter and meat processing could jeopardize the Cooperative's ability to produce legal-to-sell meat and offer USDA-inspected slaughter services. Product contamination from pathogens could also lead to liability suits should any consumer(s) become ill from consuming HIMC products. One benefit of the cooperative structure is that it provides limited individual liability for members, including Directors.

Environmental matters: All agricultural activities are susceptible to changing and often unpredictable environmental conditions. Livestock production may be harmed by drought, flooding, and disease, among other variables. Hawai'i Island is known for its sometimes-extreme environmental conditions, including hurricanes, tropical storms, fires, and lava flows. Such conditions may affect users' production volumes and recovery time to reestablish herds.

Locations: A key strength of the MSU model is that slaughter services can be brought directly to or nearby ranches. HIMC's ability to successfully execute this logistical model rests on having access to appropriate processing sites around the island. To date, only five potential sites have been identified, although more are expected to be identified during and after the membership drive.

Fundraising: To date, this project has raised over $300,000 in grant funds from federal, state, and county sources. However, future grant funding is unknown and may be needed to ensure startup business success.

Background and Business Overview

HIMC was formed in March 2015 through collaboration among island ranchers and three local nonprofits: Big Island Resource Conservation & Development Council (RC&D), Hawai'i Small Business Development Center Network (SBDC), and The Kohala Center. In 2011, RC&D's late President, Kawika Marquez, initiated the Hawai'i Island Mobile Slaughter Unit Task Force. Kawika believed a Mobile Slaughter Unit ("MSU") could help ranchers improve their economic viability and promote a local meat industry based on small family farms. Working together with island ranchers, the Task Force spent 3½ years developing a feasibility study to assess the viability of an MSU on Hawai'i Island. Study results showed clear demand from producers, with 77% of those surveyed unsatisfied with the current processing options, over 90% interested in using the MSU, and nearly 70% committed to investing their own money in the project. The full Feasibility Study can be found at HawaiiIslandMeat.com/docs/HIM_FeasibilityStudy.pdf.

In the fall of 2014, the project was awarded two key grants: a USDA RBEG to develop a business plan and a grant from the Hawai'i State Department of Agriculture to purchase an MSU. In late 2014, a Producer Steering Committee was formed to establish a business venture around managing and operating the MSU through a lease agreement with RC&D, which serves as the fiscal sponsor for both grants and will initially own the MSU. The Steering Committee has since become HIMC's incorporating Board of Directors, which filed the paperwork to legally incorporate HIMC as a Hawai'i State Agricultural Producer Cooperative in March 2015. Current Directors include 10 livestock producers from all over the island who raise pigs, sheep, goats, and/or cattle, as well as one consumer representative.

Over the past six months, the Board and its advisors have met regularly to finalize the MSU design specifications, select a manufacturer, and complete the purchase order; develop all the required organizational documents laying out the cooperative structure and operations (which can be found at HawaiiIslandMeat.com); develop a comprehensive business plan with Steven Chiang of UH CTAHR's Agribusiness Incubator Program (Executive Summary available at HawaiiIslandMeat.com); and start working on the logistical and regulatory aspects of the MSU's operations.

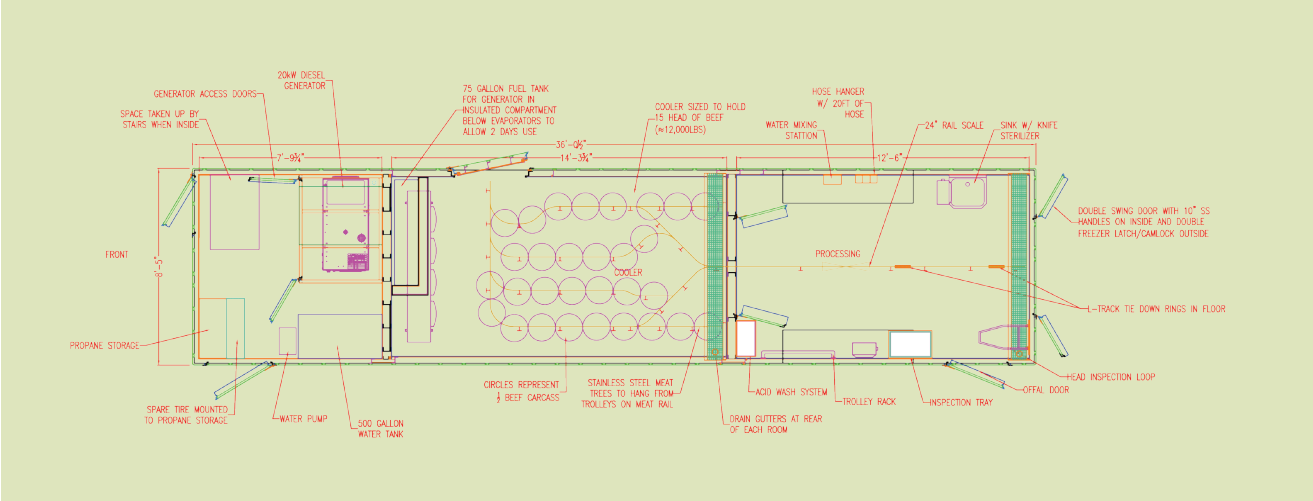
HIMC is now geared to launch its business operations in March 2016 and will operate the first truly mobile slaughter unit on any of the Hawaiian Islands. The MSU will travel around the island bringing USDA-inspected slaughter services directly to ranches and regional docking sites. Over its first 18 months of operations (Phase I), the Cooperative also intends to purchase a small

percentage of livestock from its members (5-15%) for additional processing by third-party contractors to be marketed under HIMC's brand, which will employ strict standards for high-quality meat and humane animal handling. Planning, financing, and procuring of its own chill-cut-wrap facility is intended to occur during this timeframe, with startup of that facility anticipated in month 19 (fall 2017, Phase II). This facility will create vertical integration for the business, greatly expand market opportunities for members, and generate additional revenues for the Cooperative. A summary of HIMC's financial projections for its first five years of operations is presented on pages 15-16.

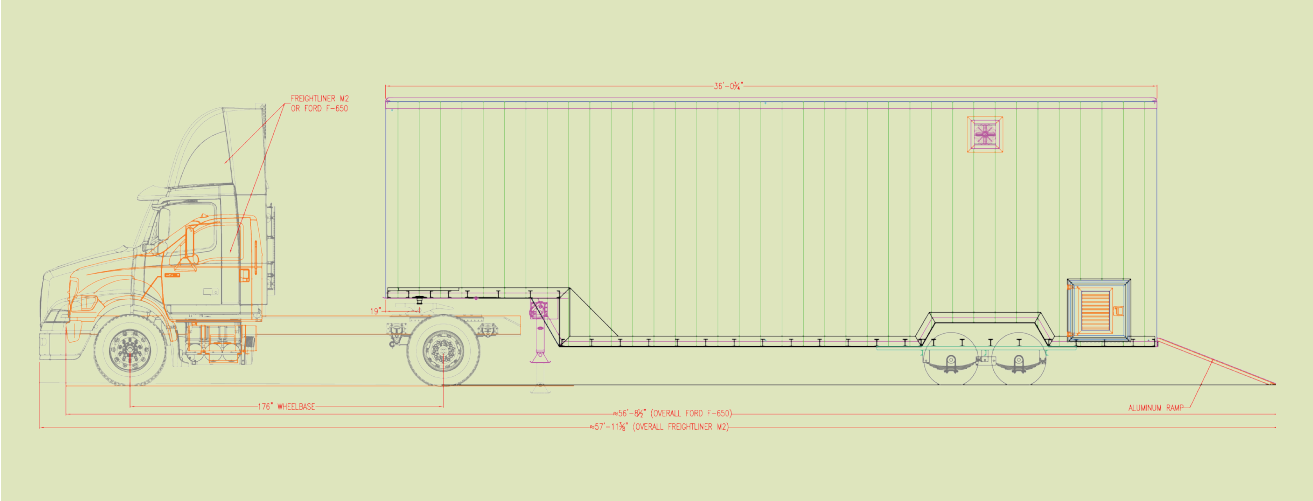
Mobile Slaughter Units

Over the last decade, MSUs have become increasingly popular worldwide because they are typically cheaper to build and operate than fixed facilities, more adaptable to the varying needs of diverse livestock operations and, by traveling from farm-to-farm or region-to-region, allow for on- or near-farm slaughter, which many consider to be more humane than transporting animals far away. Today, more than two-dozen MSUs operate around the U.S. About half are designed to process red meat and the other half process poultry and smaller animals such as rabbits. Many are managed by producer cooperatives, formed specifically to operate slaughter services by and for area ranchers. HIMC's MSU consists of a 36-foot trailer manufactured by TriVan, the most experienced MSU manufacturer in the U.S. (trivan.com/mobile-processing-unit). The unit is divided into three sections from front to rear: mechanical/storage, hanging carcass cooler, and processing compartment (for evisceration, splitting, sanitation, etc.). Sketches of the floor plan and overall length, as well as a photo of the finished unit, are provided below. The design of the unit takes into account the need for robust construction while minimizing weight. It also complies with USDA requirements for fit and finish of materials to facilitate sanitary operations and cleanup. HIMC's MSU is equipped to process pigs, sheep, goats, and cattle. Expected daily throughput is 15 pigs, 30 lamb or goats, or 8-10 head of cattle (or a combination thereof).

Photos of HIMC's completed MSU, courtesy of TriVan.



MSU Floorplan. The unit can process four species: pigs, sheep, goats, and cattle. Daily throughput is expected to be 15 pigs, 30 lamb or goats, or 8-10 head of cattle (or a combination thereof). The MSU, equipped with onboard water and power, can operate in one location for up to two full processing days.



Overall MSU length with tractor truck or Ford F-650.

Cooperative Structure

How Cooperatives Work

In many ways, cooperatives resemble other types of businesses: they have similar physical facilities, perform similar functions, and must follow sound business practices. They are usually incorporated as corporations under state law by filing articles of incorporation, which grant them the right to do business. The organizers then draw up bylaws and other necessary legal papers. Members elect a Board of Directors, which sets policy and hires a manager to run the day-to-day operations. In some ways, however, cooperatives are distinctly different from other businesses. These differences are found in the cooperative's purpose, its ownership and control, and how benefits are distributed.

A cooperative is a business owned and democratically controlled by the people who use its services and whose benefits are derived and distributed equitably on the basis of use. User-owners (or members) benefit in two ways from the cooperative:
1) The more they use the cooperative, the more service they receive; and
2) Earnings are allocated to members based on the amount of business they do with the cooperative.

Three principles of cooperatives are widely recognized and practiced:

The User-Benefits Principle

Members unite in a cooperative to get services otherwise not available – such as convenient, humane slaughter – or for other mutually beneficial reasons. They benefit from having these services available, in proportion to the use they make of them. Members also benefit by sharing the earnings from business conducted through a cooperative basis. When a cooperative generates profits from efficient operations and adds value to products, those profits may be returned to members in proportion to the member's use of the cooperative. Without the cooperative, these funds would go to middlemen or other processors.

The User-Owner Principle

The people who use a cooperative own it. As they own the assets, members have the obligation to provide financing to keep the business operational and permit it to grow. Different means of accumulating equity in cooperatives include: direct investment from member equity (purchase of Shares of Membership Common Stock), retained earnings (described under Taxation on the following page), and providing startup capital through additional equity or low interest loans for growth and development.

The User-Control Principle

As owners, a cooperative's members control its activities. This control is exercised through voting at annual and other membership meetings and indirectly through those members elected to the Board of Directors. Members have one vote regardless of the amount of equity they own or how much they patronize the organization. Only members can vote to elect Directors and to approve proposed major legal and structural changes to the organization.

To facilitate these three basic principles, cooperatives have developed some unique financial practices, which further differentiate them from other business structures. Like for-profit businesses, most cooperatives do generate earnings (net revenues, or profits); they just differ in how those earnings are allocated and distributed.

The Patronage Refund System

While cooperatives strive to return earnings to members, this cannot be done on a transaction-by-transaction basis. Rather, cooperatives usually charge market prices for supplies and services furnished to members and competitive prices for products delivered for further processing and marketing. This practice allows a cooperative to generate sufficient income to cover costs and meet continuing needs for operating capital. After the fiscal year is over, a cooperative computes its earnings on business conducted on a cooperative basis. Those earnings are returned to the members (patrons) as cash and/or equity allocations (written notices of allocation) on the basis of how much business each patron did with the cooperative during the year. These distributions are called *patronage refunds*.

Patronage refunds comprise the cooperative's allocated income, whereas *unallocated income* is that derived from business conducted with non-members (i.e., slaughter services provided to non-member producers). Cooperatives may conduct business with non-members but generally not more than the share of business conducted with members (less than 50%).

Limited Return on Equity Capital

Members form a cooperative to get a service or market for products, not a monetary return on capital investment. Thus many cooperatives, like HIMC, do not pay any dividends on capital. This practice supports the principle of distributing benefits proportional to use and discourages outsiders from trying to wrest control of a cooperative from its members and operate as a profit-generating business for the benefit of stockholders.

Taxation

One advantage to the cooperative model is *single taxation*. Unlike other types of corporations, cooperatives are only taxed once: either as income of the corporation when earned, or as income of the members when allocated to them. A cooperative pays income tax on all unallocated income, since that is derived from non-member business and will not generally be distributed as owner dividends. A cooperative also pays income tax on *non-qualified* allocated income, or patronage income not distributed to members as cash in the same year but allocated to their individual capital accounts and retained in the business to build up the cooperative's equity. This is what is referred to as *retained earnings*, one of the ways members can help finance or grow their cooperative. Tax is only paid by a cooperative member on *qualified* allocated income, or that distributed to members as cash in the same year it was generated.

Why This Structure Was Selected for HIMC

A cooperative structure was determined to be the right business model for HIMC because of the project's purpose of serving an unmet need shared by a large number of island producers, rather than a need or desire of a single individual. Moreover, most small- to mid-scale producers on Hawai'i Island lack the capital to establish a business of this scope on their own. By working together, they are able to leverage economies of scale, attain bargaining power, and tap the social/political connections needed to bring the project to fruition.

What It Means to Be a Cooperative Member

Members are the foundation of a cooperative. Their needs are the reason for its existence. Their support through patronage and capital investment keeps it economically healthy. And their changing requirements shape the cooperative's future.

Legal rights and responsibilities of cooperative members include:

- To adopt and amend the Articles of Incorporation and Bylaws, as needed
- To elect and, if necessary, remove Directors
- To decide whether to dissolve, merge, or consolidate the cooperative or form a joint venture with other firms
- To make sure Officers, Directors, and other agents comply with laws applicable to the cooperative and with its Articles of Incorporation, Bylaws, and membership contracts

Members also have general responsibilities toward their cooperative. Unlike passive investors in many traditional business corporations, the member-owner of a cooperative must patronize and guide the venture for it to succeed. These responsibilities include:

- Patronize the cooperative (use its services)
- Be informed about the cooperative
- Be conscientious when selecting and evaluating directors
- Provide necessary capital
- Evaluate the cooperative's performance

Benefits to Joining HIMC

- Access to **quality, convenient, humane slaughter services** at a reasonable cost.
- Priority scheduling.
- Access to HIMC's **marketing program**, which will have clear quality standards and excellent branding and promotion. *Note: all third-party certifications (i.e. Certified Organic, Animal Welfare Approved) can be maintained and upheld as long as current documentation is provided.*
- **Insulated from individual liability**. Cooperative members' liability is limited to their individual investment in the business.
- **Single-taxation advantage**.
- A **community** of like-minded producers.
- Chance to **participate in the governance** of a new local business venture.
- **Share in the earnings** of the business. Annual member patronage distributions are projected to reach up to $265,000 by year 4.
- Be part of the effort to **revitalize Hawai'i Island's small-family ranching sector** and local meat industry.
- **Help increase the percentage of Hawai'i Island meat consumed locally.** *Currently about 85% of the island's beef and more than 95% of its pork, sheep, and goat meat is imported!*
- **Get more meat products to commercial market**, whether through a farmers' market, grocery store, restaurant, chef, or other specialty market.
- **Receive technical assistance** on composting of slaughter byproducts, production standards, herd genetics, animal welfare practices, and pasture management.

Financial Projections Summary

Substantial research has been conducted to validate the assumptions contained in the financial projections, including producer and market surveys. Assuming demand for services and products meets projections, HIMC is projected to be financially viable nine months after startup.

Phase I (months 1-18) assumes operation of the MSU with a gradual increase in volume throughput (from 48-60% of the unit's weekly capacity), and a small percentage of meat (5-15%) purchased by HIMC, processed and sold under HIMC's unified brand.

Phase II (beginning month 19) assumes implementation of HIMC's own chill-cut-wrap and retail facility, which includes significant related income (and expenses). Having a chill-cut-wrap facility strengthens HIMC's financial outlook, enabling the Cooperative to maintain cash reserves of approximately one year of fixed (indirect) costs while distributing member patronage dividends of up to $265,000 by the end of year 4. MSU volume throughputs are expected to gradually increase to about 75% of weekly capacity in Phase II.

Although not reflected in the table below, cash-flow analysis has also been performed without the assumption that HIMC will be able to market meat prior to Phase II, and cash flow still does become positive by month 18, albeit with higher startup capital requirements and lower margins.

Phase I startup costs totaling about $333,640 are expected from a combination of sources, including a grant that has already been received from the Hawai'i Department of Agriculture, equity contributions from 30 new members, and a business loan of approximately $15,000.

CASH FLOW PROJECTION	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Beginning Cash	25,000	7,458	4,791	58,034	88,584
Cash In, Sales					
Slaughter	204,451	263,063	287,773	319,138	319,138
Byproducts	37,863	47,610	51,382	56,246	56,246
Meat	137,901	428,883	858,092	1,388,015	1,461,069
Chill-cut-wrap service	0	1,680	3,360	3,360	3,360
Other sales	0	0	0	0	0
Total cash in, sales	380,215	741,236	1,200,606	1,766,759	1,839,813
Cash Out, Operating Direct Costs					
Slaughter/byproducts	182,757	191,938	196,513	202,060	202,782
Meat, chill-cut-wrap service	88,958	298,697	633,795	1,016,373	1,069,177
Total direct	271,715	490,635	830,308	1,218,433	1,271,959
Gross profit	108,500	250,601	370,298	548,326	567,854
Indirect Costs					
Total indirect	136,542	146,051	158,881	165,372	166,267
Total operating profit	(28,042)	104,550	211,418	382,954	401,587
Non-Operating					
Total non-operating	10,500	(24,717)	(73,175)	(87,405)	(68,462)
Net cash flow	(17,542)	79,833	138,243	295,549	333,125
Capital reserve contribution	0	82,500	85,000	0	0
Member dividend distribution	0	0	0	265,000	265,000
Ending cash after reserves & distribution	7,458	4,791	58,034	88,584	156,708
Capital Reserve Balance	**0**	**82,500**	**167,500**	**167,500**	**167,500**

Long-Term Goals

HIMC's long-term vision is to help revitalize Hawai'i Island's small- to mid-scale family ranching sector and increase the amount of high quality, humanely raised and slaughtered meat available in markets statewide.

Specific objectives include:

- Promote small-scale livestock production on the island
- Drive agricultural landowners/leaseholders toward livestock production:
  - > Increase farm economic viability
  - > Keep more ag land in production
- Provide information and technical support to assist ranchers in meeting co-op quality standards
- Establish slaughter, processing, and marketing options that are typically difficult for small-ranch operators to access through conventional channels
- Reduce risks associated with "backyard slaughter" and non-inspected meat processing and distribution
- Add diversity to locally grown meat products available throughout the Hawaiian Islands
- Address specialty market segments typically reliant on imports
- Create a resilient agricultural model to increase Hawai'i's food security
- Create jobs and associated training to support MSU operations
- Supplement/complement existing processing facilities
  - > Pathway to larger processors as ranchers expand their herds

A key element of HIMC's long-term vision is to establish an integrated chill-cut-wrap and retail facility that would showcase Hawai'i Island's world-class ranching sector and meat products. HIMC is currently in discussion with NELHA (Natural Energy Labs of Hawaii Authority), located in Kailua-Kona just south of the Kona Airport, about locating such a facility there. NELHA's current leadership is very supportive, as this project fits their vision for a future sustainable business park and food hub.

Additional benefits to this location include:

- Minimal operating costs due to deep-sea water cooling technology, solar energy, and affordable rent
- Ideally located where the "Eaters" are
- Very near the island's main airport and industrial areas (including Costco), which would be convenient for on- and off-island distributors and visitors
- Leverages prior federal and state investments in facilities
- Showcases vertically integrated, whole-system model for a thriving, sustainable meat industry on Hawai'i Island

Attachments

Membership Application and New Member Scheduling Form

HIMC Production Standards and Owner Certificate
For members who may be interested in participating in HIMC's marketing program.

These documents are also available online at HawaiiIslandMeat.com/membership.

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Email HawaiiIslandMeat@gmail.com

*The **Hawai'i Island Meat Cooperative** was formed through a collaboration of island ranchers and these project partners:*

Big Island Resource Conservation & Development

Hawai'i SBDC Network

The Kohala Center — education. environment. empowerment.

Department of Agriculture — State of Hawaii