DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM (DBEDT)

MINUTES OF THE COMMUNITY-BASED ECONOMIC DEVELOPMENT (CBED) ADVISORY COUNCIL MEETING

TUESDAY, DECEMBER 9, 2021, AT 10:00 A.M.

VIA VIRTUAL APPLICATION ZOOM: VIDEO/AUDIO CONFERENCE

Advisory Members Present were:

Rachel James (Chair) - Advisory Council Member (Oahu)
Casey Brown - Office of Hawaiian Affairs (Ex-Officio)
Jane Horike - Advisory Council Member (Hawaii/Hilo)
Kaleokalani Kuroda - Advisory Council Member (Oahu)
Nancy Elvira Lo - Advisory Council Member (Oahu)
Dean Matsukawa - Department of Agriculture
Mark Ritchie - Department of Business,
   Economic Development & Business
Ernest Matsumura - Advisory Council Member (Hawaii/Hilo)
Teena Rasmussen - Advisory Council Member (Maui)

Guest: Aaron Ellis - Feed the Hunger Fund
Nate Sisler - Haleiwa Distilling Company

Staff: Margaret Ahn - Attorney General’s Office
Wayne Thom - DBEDT
Leslie Kawamoto - DBEDT
Timothy Tiu - DBEDT
Selma Malcolm - DBEDT

CALL TO ORDER:

The meeting was called to order by Chair James on Thursday, December 9, at 10:03 a.m.

* Welcome Current Members and Introduction of any Guests:
Chair James welcomed and thanked everyone for joining the meeting via Zoom.
She then asked the guests to introduce themselves.
NEW BUSINESS:

1. **Approval of DBEDT/CBED Loan of $175,000 to Haleiwa Distilling Company for Working Capital and Equipment:**

   Mr. Aaron Ellis/loan officer of Feed the Hunger Fund formerly Feed the Hunger Foundation stated that recently, Feed the Hunger Fund approved a loan for Mr. Nathan Sisler of the Haleiwa Distilling Company. It is a participation / co-lending partnership loan between FHF and DBEDT/CBED for a total amount of $350,000.

   While introducing himself, Mr. Nathan Sisler of Haleiwa Distilling Company stated that he resides in Haleiwa with his wife who is a teacher. He obtained a federal liquor license to open a distillery at the Haleiwa Sugar Mill. Recently, he met Mr. Wayne Thom of DBEDT while he was seeking funding through the SBA, etc., for his distillery. Mr. Sisler then expressed his appreciation and thanks to the DBEDT team and also to Feed Hunger Fund for all their support.

   Mr. Ellis reported that Mr. Sisler has secured a 10-year lease on a lot at the old Waialua Sugar Mill for his distillery and he will be employing around 12 people. He will be able to produce 4,000 gallons of rum per month and should generate $2 million in revenues operating at a steady state.

   Mr. Ellis said that Haleiwa Distilling Company has been 5-years in development and that Mr. Sisler is incredibly organized and has been taking all the right steps. He has already secured his federal liquor licenses and is anticipating his state license approval soon.

   Regarding the building permits, DPP has been filed. He also indicated that Mr. Sisler is a farmer and owns 14 acres of agriculture land in the Waialua. Five (5) acres of the land is leased out and the remaining portion is underdeveloped but has several acres planted in cocoa and citrus with plans to expand his citrus production and develop a part of his land for aging whiskey, hosting, tasting and farm tours, etc. The distillery will support that business, as well as other agricultural producers. He will be supporting the local agriculture market by purchasing sugar, sweet corn and lilikoi, pineapple, mangoes, guava, starfruit, etc. From the underwriting perspective his current income can support the debt payments. There is also a collateral coverage for the total value of the combined loan.

   At this point, Chair James asked if there were any other public testimony but there was none.

   Mr. Brown inquired if there was a forecast of what the operating income would be and not just that topline numbers of the revenue.

   Mr. Ellis responded in the affirmative.
Mr. Brown also inquired about the source of the existing income that will be used to service the debt and if those existing incomes are based on his current lease.

Mr. Sisler said the existing income is based on the lease/revenue from his agriculture tenants as well as his combined household income from his and his wife’s current employment.

Mr. Brown indicated that there’s a note in the meeting packet which states that most of the leases are annual leases and asked if there were any interest in getting leases for longer terms.

Mr. Sisler says he would love to have a long-term lease, but he keeps the lease yearly for the flexibility and safety.

Ms. Rasmussen inquired about the connection between Haleiwa Distilling Company and Feed the Hunger Fund.

Mr. Ritchie stated that Feed the Hunger Fund’s mission is aligned nicely with DBEDT/CBED’s mission and that is why DBEDT/CBED entered into a memorandum of agreement with them. This is Feed the Hunger Fund’s first loan as co-lending partners and DBEDT/CBED is really excited about it and future deals with them. From DBEDT/CBED’s point of view, there is a substantial economic impact in the Waialua area census tract which will provide much needed economic support to the local agricultural producers. Mr. Ritchie then stated that he sees an opportunity to offer additional DBEDT programs to Haleiwa Distilling Company such as Enterprise Zones Program, HiSTEP export development, and promoting Hawaii-made products, etc.

Chair James commented that she was super excited about the job creation especially in that area of Waialua.

Ms. Rasmussen asked Mr. Sisler if he has looked at the competition, and can he compete?

Mr. Sisler said he will be competitive by making a better product and beat his competitors in product and in quality.

With no further questions, Chair James inquired if anyone would like to make a motion regarding this loan.

Motion was made by Mr. Ritchie and seconded by Ms. Lo to recommend approval to the DBEDT Director for this loan of $175,000 to Haliewa Distilling Company to be used for working capital and equipment.
Roll call vote was requested, and the following Council members approved the motion: Ms. Horike, Chair James, Mr. Kuroda, Mr. Ritchie, Ms. Lo, Mr. Matsukawa, Mr. Matsumura, Mr. Brown and Ms. Rasmussen.

The motion was approved.

NEXT MEETING:

Motion was made by Mr. Ritchie recommending the CBED Advisory Council members meet once per month. CBED staff will send out a doodle poll too find the best time for the Council members to meet.

Roll call vote was requested, and the following Council members approved the motion: Ms. Horike, Chair James, Mr. Kuroda, Mr. Ritchie, Ms. Lo, Mr. Matsukawa, Mr. Matsumura, Mr. Brown and Ms. Rasmussen.

The motion was approved.

Mr. Brown mentioned that there might be co-lending opportunities with OHA. Mr. Ritchie agreed that there might be CBED-OHA co-lending opportunities. They agreed to follow-up in January 2022 to discuss.

ADJOURNMENT:

The meeting was adjourned at 10:35 a.m. on a motion made by Mr. Ritchie and seconded by Ms. Lo. The motion was approved by general consent.

Respectfully submitted,

Rachel James
Chair

Dec 15, 2021
Date