

DRAFT
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM (DBEDT)

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

TUESDAY, JANUARY 16, 2024, AT 10:00 A.M.
HCDA Building, First Floor

547 Queen Street, Honolulu, Hawaii 96821

AND VIA VIRTUAL APPLICATION ZOOM: VIDEO/AUDIO CONFERENCE

Advisory Members Present were:

Nancy Elvira Lo (Chair)	-	Advisory Council Member (Oahu)
Casey Brown	-	Office of Hawaiian Affairs (Ex-Officio)
Jane Horike	-	Advisory Council Member (Hawaii/Hilo)
Matthew Loke	-	Department of Agriculture (Ex-Officio)
Colleen McAluney	-	Advisory Council Member (Oahu)
Roberta Melton	-	Advisory Council Member (Kauai)
Teena Rasmussen	-	Advisory Council Member (Maui)
Mark Ritchie For	-	Department of Business,
Dennis Ling (Ex-Officio)	-	Economic Development & Tourism (DBEDT)

Guests:

Eric Bowman	-	Feed the Hunger Fund
Aaron Ellis	-	Feed the Hunger Fund
Lei Riedel	-	Pakini Loan Fund

Staff:

Elisa Amemiya	-	Attorney General's Office
Timothy Tiu	-	DBEDT
Jason Ushijima	-	DBEDT
Selma Malcolm	-	DBEDT

Apologies:

Karen Barr	-	Advisory Council Member (Oahu)
Kaleokalani Kuroda	-	Advisory Council Member (Oahu)

CALL TO ORDER:

Mr. Ritchie called the meeting to order on Tuesday, January 16, 2024, at 10:06 a.m.
All members and guests participated via ZOOM.

- **Welcome Current Council Members and Introduction of Guests:**

Mr. Ritchie welcomed all present. A roll call vote was conducted, and members indicated if they were alone at their respective locations. Mr. Ritchie announced that he's DBEDT's Ex/Officio in place of Mr. Dennis Ling.

Mr. Ritchie introduced Mr. Eric Bowman, Loan Officer at Feed the Hunger Fund (FTHF), Ms. Amemiya, Deputy Attorney General, and DBEDT staff.

OLD BUSINESS:

1. Approval of Minutes of January 16, 2024:

Minutes of the January 16, 2024 meeting were distributed and reviewed by the Council. Mr. Ritchie asked if there were any comments and/or corrections to the Minutes. There were none and he asked for a motion to approve the Minutes.

Motion was made by Ms. McAluney and seconded by Ms. Melton to approve the Minutes of January 16, 2024 as presented.

A roll call vote was taken with the following Council members approving the motion: Chair Lo, Mr. Brown, Ms. Horike, Mr. Loke, Ms. McAluney, Ms. Melton, Ms. Rasmussen and Mr. Ritche.

Motion to adopt the January 16, 2024 Minutes was approved unanimously.

Public Testimony:

There was no public testimony.

NEW BUSINESS:

Approval of CBED Loan of \$100,000 to C&C Tropicals in Hilo, Hawaii

DBEDT/CBED is co-lending with Feed the Hunger Fund which will also make a loan of \$100,000 to C & C Tropicals in Hilo for working capital to support a planned expansion of newly acquired farm leases and a warehouse. The term of the loan is 5 years with an interest rate of 5 percent.

Mr. Ritchie stated that Mr. Eric Bowman, Loan Officer of Feed the Hunger Fund (FTHF) approached him recently with this co-lending opportunity that aligns with the CBED program mission. He then invited Mr. Bowman to walk the Council through the loan.

Mr. Bowman thanked DBEDT/CBED for allowing him the opportunity to bring forward an opportunity for Shane Castillo, Jr., of C & C Tropicals in Hilo. He then indicated that everyone at FTHF appreciates the relationship they have with DBEDT/CBED.

Mr. Bowman indicated that C & C Tropicals is an agricultural company located in Hilo, Hawaii. The company grows and sells tropical flowers, primarily anthuriums, to a large client base including Watanabe Floral in Honolulu and Pacific Floral Exchange (PFE) in Keaau. He said that C & C Tropicals is owned and operated by Shane Castillo, Jr., and his partner, Kris Carlton. Mr. Bowman advised that with the growing demand for tropical flowers, C & C Tropicals has expanded rapidly over the last 5 years to manage 35 acres of production land and sells a variety of species on the wholesale market.

Mr. Bowman advised that C & C Tropicals is seeking capital to acquire Pacific Floral Exchange (PFE) which is one of the largest flower distributors on Hawaii Island. It operates out of a large warehouse on a 2-acre commercial parcel in Keaau that is owned by Milo Ventures. The sale of PFE includes the assignment of several HDOA leases, totaling 30 acres of production. Mr. Bowman stated that the seller and the buyer have agreed to a price and the USDA has approved a conditional loan of \$300,000. However, there are details that need to be finalized including the assignment of leases, legal review, updated purchase agreement, etc. The FTHF loan committee met recently and issued a Letter of Interest (LOI) to C & C Tropicals and Mr. Bowman asked DBEDT/CBED to issue one as well.

Mr. Bowman stated that the seller of PFE, Milo Ventures is asking for \$1 million and a part of that would come from seller financing and the USDA Farm Service Agency. He advised that Mr. Castillo is in good standing with FTHF, has excellent credit and has significantly grown his business over the last 5 years. He also mentioned that Mr. Castillo's cashflow is sufficient to support the debt service for the seller and the USDA acquisition loan. Mr. Bowman stated that the co-lending loan of \$200,000 (FTHF/\$100,000 & DBEDT/CBED \$100,000) would be used for working capital and equipment.

At this point, Mr. Ritchie announced that Mr. Aaron Ellis of FTHF had joined the meeting and welcomed him.

Mr. Ritchie asked Mr. Bowman to speak to "recommend/approval" of the loan. Mr. Bowman informed the Council that FTHF issued a Letter of Interest (LOI) to C & C Tropicals, with four (4) main conditions: 1) Satisfactory completion of the USDA loan conditions; 2) Loan approval by DBEDT/CBED; 3) Complete legal review including the three (3) original leases and FTHF's acceptance that no new materials have come to light; and 4) An updated purchase agreement that reflects all these new realities.

Mr. Brown noted that the seller/PFE and the buyer/Castillo seem to have a good relationship and inquired if PFE is planning to stay involved in the company to a certain extent.

Mr. Bowman responded that as part of the transaction, there is a consulting agreement so he believes that the seller/PFE will remain involved.

Mr. Ritchie reiterated that he is the Ex-Officio at the meeting for Mr. Ling and advised that DBEDT/CBED is looking for a recommendation/approval with the same provisions that are in the Letter of Interest (LOI) from FTHF and he would not request the DBEDT Director's signature until all the provisions are met.

Mr. Ritchie then asked for a motion on this item.

Motion was made by Ms. McAluney and seconded by Ms. Lo that CBED staff would not request the Director's signature until the following provisions are met by C & C Tropicals: 1) Satisfactory completion of loan conditions of the USDA loan; USDA loan must then be disbursed to the seller; 2) Loan approval by DBEDT/CBEB; 3) Complete legal review, including the three (3) original leases and FTHF's acceptance that no new material have come to light and; 4) An updated purchase agreement that reflects all these new realities.

A roll call vote was taken with the following Council members approving the motion: Chair Lo, Mr. Brown, Ms. Horike, Mr. Loke, Ms. McAluney, Ms. Melton, Ms. Rasmussen and Mr. Ritchie.

The motion was approved unanimously.

Mr. Ritchie thanked everyone for attending the meeting and Mr. Bowman for his presentation.

NEXT MEETING:

Tuesday, February 20, 2024, at 10:00 a.m., via Zoom.

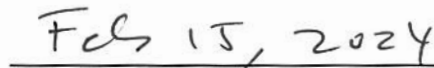
ADJOURNMENT:

The meeting was adjourned at 11:00 a.m., on a motion by Ms. McAluney and seconded by Ms. Lo and approved unanimously.

Respectfully submitted,



For Nancy Elvira Lo, Chair



Date