

**COMMUNITY-BASED ECONOMIC DEVELOPMENT (CBED)
ADVISORY COUNCIL MEETING
Tuesday, May 16, 2023, 10:00 a.m.**

Old Business

Approval of CBED Advisory Council Meeting Minutes
for February 21, 2023

DRAFT

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM (DBEDT)

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

TUESDAY, FEBRUARY 21, 2023, AT 10:00 A.M.

Department of Business, Economic Development and Tourism

250 South Hotel Street, 5th Floor

Conference Room 503, Honolulu, Hawaii 96813

AND VIA VIRTUAL APPLICATION ZOOM: VIDEO/AUDIO CONFERENCE

Advisory Members Present were:

| | | |
|--------------------------------|---|---|
| Nancy Elvira Lo (Chair) | - | Advisory Council Member (Oahu) |
| Karen Barr | - | Advisory Council Member (Oahu) |
| Casey Brown (Left at 0:30 am)- | | 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) |
| Teena Rasmussen | - | Advisory Council Member (Maui) |
| Mark Ritchie | - | Department of Business, |
| for Dennis Ling, (Ex-Officio) | | Economic Development & Tourism |

Guests:

| | | |
|--------------|---|--|
| Nainoa Logan | - | Waianae Economic Development Council (WEDC) |
|--------------|---|--|

Staff:

| | | |
|---------------|---|---------------------------|
| Elisa Amemiya | - | Attorney General's Office |
| Lyle Fujikawa | - | DBEDT |
| Wayne Thom | - | DBEDT |
| Timothy Tiu | - | DBEDT |
| Selma Malcolm | - | DBEDT |

Apologies:

| | | |
|--------------------|---|---------------------------------|
| Kaleokalani Kuroda | - | Advisory Council Member (Oahu) |
| Roberta Melton | - | Advisory Council Member (Kauai) |

CALL TO ORDER:

Mr. Ritchie called the meeting to order on Tuesday, February 21, 2023 at 10:05 a.m.
All members and guests participated via ZOOM.

▪ **Welcome Current Council Members and Introduction of any Guests:**

Mr. Ritchie welcomed and thanked all present. He noted that the purpose of this meeting is to update Council on the DBEDT's/CBED's plans for the coming months. He asked the members to introduce themselves and indicate if they were alone at their respective locations per Sunshine Laws. Mr. Ritchie announced that he was the DBEDT's Ex/Officio, a voting member representing Mr. Ling. He then introduced Mr. Nainoa Logan, Program Director of Waianae Economic Development Council (WEDC), who would update the meeting on the WEDC programs, Ms. Elise Amemiya, Deputy Attorney General and the DBEDT staff.

OLD BUSINESS:

Approval of Minutes of November 15, 2022:

The Minutes of November 15, 2022, meeting were distributed and reviewed by Council. Mr. Ritchie asked if there were any comments and/or corrections to the Minutes. Hearing none, he asked for a motion to approve the Minutes.

Motion was made by Mr. Brown and seconded by Ms. Rasmussen to approve the Minutes of November 15, 2022, as presented.

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

Motion to adopt the November 15, 2022, Minutes was approved unanimously.

Public Testimony:

There was no public testimony.

1. **CBED Grants: Grant Writing Technical Assistance Grants Review and Discussion:**

Mr. Ritchie stated that Mr. Thom would update Council on the DBEDT/CBED grant writing technical assistance program for nonprofits that are involved in Community-Based Economic Development. Mr. Ritchie then called Mr. Thom for his update of the CBED grant writing program.

Mr. Thom reported that since the DBEDT/CBED T/A grant writing assistance program started in 2020, DBEDT/CBED received 27 applications and of the 27 applications, 15 were approved for funding. Also, that one of the grants was

approved for \$4,500 while the other 14 were for \$5,000 each. The grants ended on December 22, 2022. Mr. Thom also reported that 5 of the 15 companies that were approved for the grant withdrew from the grant for various reasons. Currently, DBEDT/CBED has 10 active T/A grants which resulted in an aggregate amount of federal funds into Hawaii of \$1,893,768 (ratio: \$1:\$40). Over the last 3-years, a total of \$90,500 was committed to the T/A grant program; \$39,500 was dispersed and a balance of \$7,500 is still payable. At present, there is an available balance of \$43,000 for grants of up to \$5,000 each. Mr. Thom also provided Council with a list of the technical assistance grants recipients and expressed that the Friends of 'Iolani Palace and the Waianae Economic Development Council received 2-grants each and these 2 organizations were very successful. Mr. Thom then asked if there were any questions.

During discussion, Ms. Rasmussen asked if the money was expired or was it the grant that's expired.

Mr. Ritchie replied by asking Council's opinion on the balance of money approved for these grants, as to whether CBED should continue promoting the program or look at other possible grant programs that Council might be interested in.

Mr. Brown commented that based on the DBEDT/CBED ratio of \$1:\$40, the program should be continued. Ms. Horike stated that DBEDT/CBED should continue the funding and start promoting the program again.

Mr. Ritchie then indicated that since there was no objection from Council, CBED would keep the program going and try to drawdown on what Council has already voted on. Council concurred. Mr. Ritchie stated that the grant writing information for the technical assistance application is still on the DBEDT's/CBED's website but CBED will begin promoting it more.

Mr. Thom explained the 3 deliverables that are set forth in the purchase order once the grant is approved for \$5,000: (1) The first payment of \$2,500, constitutes evidence to DBEDT/CBED that the organization has contracted with a legitimate grant writer for assistance, and amount should incorporate our \$5,000, plus the match of \$1,250 on a grant writer's contract. When the organization delivers a copy of the written agreement with the grant writer, DBEDT/CBED would pay \$2,500 of the grant. (2) The organization needs to exhibit that they have finished writing the grant and/or provide evidence and that it has been received by a federal organization or by a private foundation, whichever they use - (\$2,000). (3) The final \$500 of the total contract (\$5,000) is for evidence that the organization either received or were denied the grant.

Mr. Thom noted that one of the organizations went through the first payment of \$2,500 but DBEDT/CBED did not receive any evidence of the grant being completed.

2. Overview of Current CBED Loans Partially Funded by EDA:

Mr. Ritchie presented an overview of the current DBEDT/CBED loans that are 80% funded by the EDA and 20% by State match. He reported that out of the \$1.25 million, DBEDT/CBED dispersed \$875,000 and there is a balance of \$375,000 to be deployed by March 31, 2024, to complete the entire drawdown. Also, that DBEDT/CBED is looking to deploy the rest of the EDA funds by Summer 2023 which would put us a year ahead of the EDA's schedule. This information was included in the meeting packet.

Mr. Ritchie shared some internal metrics that CBED has been using to track the loans. He stated that there was a total of 10 loans, and the number of jobs that existed from these 10 companies totaled 102. Twenty-five new jobs were created, 58 jobs were saved which brings the total number of new/saved jobs to 83.

Mr. Ritchie advised that these 10 loans are in the following industries: wholesaling, construction, manufacturing, agricultural services, and one in healthcare (clinic in Hilo). Mr. Ritchie noted that the metrics that CBED tracks for internal use, include whether companies are located in Enterprise Zones (EZ). The Enterprise Zones are economically challenged areas of the state designated by the counties and approved by the governor for 20 years. All 10 loans are with companies located in EZs. Mr. Ritchie also noted that most of the DBEDT's/CBED's loans are in the city & county of Honolulu with one on Kauai and one on Hawaii Island. About half the loans are in rural areas (zip code 967XX).

DBEDT/CBED does not have any loans on Maui. CBED will work to visit Maui in person and/or arrange Zoom calls with representatives of the Maui Chamber of Commerce, the new director of Economic Development Office of the County, the Maui Economic Opportunity as well as other organizations. During the discussion, Ms. Rasmussen noted that those organizations all formed an alliance, and they meet on a monthly basis. And if Mr. Ritchie gave a presentation to the group, whether via Zoom or in person, it would address all the organizations at the same time.

Mr. Ritchie indicated that CBED also tracks Native Hawaiian / Pacific Islander-owned companies and, about one third of the companies fall into this category. DBEDT/CBED also tracks women-owned (currently 50% of the loans are with woman-owned businesses) as well as veteran-owned businesses.

Ms. Rasmussen inquired about the interest rate. Mr. Ritchie replied that it is by statute as 3-6% and CBED varies it by loan.

Mr. Brown left the meeting at 10:30 a.m.

3. CBED Outreach and Marketing Programs for 2023/Discussion:

Mr. Ritchie advised that on 2/21/23 at 11:00 a.m., he has a webinar with the Office of Economic Revitalization for City & County, then a Micro-Lending webinar with the Patsy Mink Center for Business and Leadership & VBOC in which our co-lending partners, Feed the Hungry Fund and the Waianae Economic Development Council will also be participating. If there are any questions, Mr. Fujikawa of DBEDT/CBED is the lead person for our outreach and marketing. Lastly, CBED would like to visit the neighbor islands in person in the coming months.

NEW BUSINESS:

1. Waianae Economic Development Council (WEDC): Update

At this point, Mr. Ritchie invited Mr. Nainoa Logan of WEDC to give an update on the Waianae Economic Development Council (WEDC) programs. Mr. Logan thanked the Council for the opportunity to present at the meeting, and also for the DBEDT/CBED grants program of which WEDC has been a recipient. He reported that WEDC assisted Maui (Gary Albitz and Leslie Wilkins) with the Maui Economic Development Board with their SBA Housing Assistance Program.

WEDC is applying for the Capital Readiness Program (MBDA) grant and invited Ko 'olani Davis from Molokai to assist with that project.

Mr. Logan informed the Council that WEDC's mission is to develop the community's rich natural, cultural and human resources and their goal is to play a facilitator role in many instances where they are working with various nonprofit organizations both in and outside of the Waianae Coast. WEDC has expanded its board, programs and its staff members. Currently, WEDC has approximately 8 people on staff and 24 contractors. Mr. Logan advised Council that WEDC has 4 main programs: Financial Literacy, Financial Lo'i, Business Development and a CDFI Loan Fund of about \$150,000 for loans between \$15,000 - \$30,000.

Mr. Logan also advised that WEDC has a Partnership/Facilitation with the Waianae Moku Navigators and there are 2 major themes: Food Security Systems which focuses on food access and is working with the Food Pantry. The security part is focused on farmers training, community gardens, vertical gardens as well as implementing ag technology. Mr. Logan noted that the second focus is Digital Equity and WEDC is launching the first digital hub on the Waianae Coast. Mr. Logan also shared an example of how wealth is perceived from a cultural perspective. Mr. Ritchie thanked Mr. Logan for the update on WEDC.

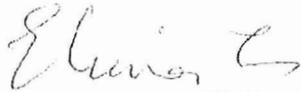
NEXT MEETING:

March 21, 2023 10:00 am

ADJOURNMENT:

The meeting was adjourned at 10:49 a.m., on a motion by Ms. Rasmussen and seconded by Ms. Horike with all in favor.

Respectfully submitted,



Nancy Elvira Lo
Chair



Date

New Business

Recommendation/Approval of CBED Loan of \$60,000 to Koko Kai Foods LLC dba Koko Kai Yogurt in co-lending with Feed the Hunger Fund (FTHF) which is also lending \$60,000. Loan will be used for the purchase of new yogurt production and bottling equipment, building a cold room, building out a new warehouse space (once secured), and working capital to help with bulk purchases of packaging materials. Underwriting review by Aaron Ellis, Director of Programs and Lending, FTHF

Ritchie, Mark J

From: mark.moran@egov.com
Sent: Friday, March 24, 2023 6:18 PM
To: Ritchie, Mark J; Thom, Wayne K; Malcolm, Selma S; Fujikawa, Lyle H
Subject: [EXTERNAL] New submission from 2023 CBED Loan Interest Form

Company Name

Koko Kai Foods LLC

Title of person acting on behalf of this business (e.g. CEO, President)

CEO & Founder

Name

Aline Steiner

Company Contact Information

Address

197 Opihikao way
Honolulu, HI 96825
United States
[Map It](#)

Company Phone

(808) 221-3784

Email

info@kokokaiyogurt.com

Website (if any)

<http://kokokaiyogurt.com>

The Company Name listed above is a business and is registered to do business in the State of Hawaii and is in good standing

Yes

The Company Name listed above is current on all County, State, and Federal Tax Filings and Tax Payments.

Yes

Do you have financial statements (income statement and balance sheet) for two most recent fiscal years?

Yes

Business Information

Date Established

06/29/2020

Type of Entity

Limited Liability Company

Is business a for-profit business?

Yes

Type of Business

Manufacturer

Please describe your business

Koko Kai Yogurt came from an idea and inspiration to craft high quality European Style Plant based, non dairy & gut friendly cultured yogurt. Based in Honolulu Hawaii and with the environment and our beaches in mind, we chose glass packaging over plastic. Our sales channel are mostly Wholesale through direct retailers and distributors. We are present in over 90 locations in the State of Hawaii in major retailers and just launch in California this month.

Annual Revenue

\$300,000.00

Number of Employees

2

Loan Information

What loan amount are you seeking?

\$125,000.00

Have you had one turndown from a commercial lender in the past year?

Yes

What is the loan to be used for?

Purchase, construction, or improvement of facilities

What type of collateral do you have to secure a loan?

unsecured company assets

Terms & Conditions

- I Agree



Feed The Hunger Foundation Bi-weekly Loan Committee Meetings

Prepared: 5/3/2023

| | | | | |
|---------------------|--|---|-------------------|---------------------------|
| Date | 4/28/2023 | | Time Start | 8:15 AM HST/ 11:15 AM PST |
| Location | Conference Line: (646) 876-9923 Conference ID: 795-138-225 | | Time End | 9:15 AM HST/ 12:15 PM PST |
| Participants | Committee Members | FTHF Staff | | |
| | <input type="checkbox"/> Brett Melone <input type="checkbox"/> Phil Bachus <input type="checkbox"/> Eunice Azzani <input type="checkbox"/> Mark Murakami <input type="checkbox"/> Patti Chang <input type="checkbox"/> Vivian Pham <input type="checkbox"/> Leticia Corona | <input type="checkbox"/> Aaron Ellis <input type="checkbox"/> Mike Canale <input type="checkbox"/> Juan Santiago <input type="checkbox"/> Meche Sansores <input type="checkbox"/> Shandis Ching <input type="checkbox"/> Eric Bowman | | |
| Attachments | Loan Write-up for <ul style="list-style-type: none"> o Koko Kai Foods LLC dba Koko Kai Yogurt | | | |

MEETING DISCUSSION

| # | Items Discussed | Notes |
|----|---|--|
| 1. | <p>Koko Kai Foods LLC dba. Koko Kai Yogurt Koko Kai Coconut Yogurt – Simple, Organic, Delicious... (kokokaiyogurt.com)</p> <p><u>Meet Aline Steiner Founder and CEO / Koko Kai Yogurt – SHOUTOUT SOCIAL</u></p> <p>Aline Steiner and Jonathan Roach founded Koko kai Foods LLC in mid-2020. Koko Kai yogurt is dairy free, gluten free and plant based. It is unique in the market of coconut yogurts because it contains no added sugars, starches, fillers, or gums nor preservative and relies on 13 live and active high quality probiotics strains to achieve a shelf stable pH. Koko Kai sources most fruit and spices for their yogurts locally, from local farmers. Unfortunately, there is no coconut farming, processing or regulation for Coconuts produced in the state of the Hawaii, so a high quality fair trade organic coconut cream is imported from Sri Lanka.</p> <p>Prior to starting the business, the founders were working as a private chef and website developer. Due to the global pandemic significantly reducing these income streams they formed Koko Kai Foods and began to create non-dairy yogurts.</p> | <p>Koko Kai Yogurt has a risk rating of 2 (Good).</p> <p>Pros:</p> <ul style="list-style-type: none"> - Revenue is growing and business has started exporting to California. - The project principals have a demonstrated ability to manage their finances and can provide accurate and timely financial statements. - Collateral coverage is 75% of the loan value. <p>Cons:</p> <ul style="list-style-type: none"> - GDSCR from 2022 is below 1.2. However, significant cash reserves reduce the risk of delinquency and default, and 2023 is expected to have a GDSCR in excess of 1.2 based on YTD revenue and expenses straight lined over the rest of the year. <p>Staff recommendation: is to approve a loan of \$120,000 (\$60,000 from FTHF and \$60,000 from DBEDT). The FTHF terms will be at 4% for 7 years, with principal and interest payments. The DBEDT terms will likely be 3% but this will need to be confirmed.</p> |



| # | Items Discussed | Notes |
|---|--|--|
| | <p>Koko Kai has seen steady growth with revenue growing at 6% month-over-month for the last 15 months. They are currently selling products in 84 locations throughout the State of Hawaii (larger local retail outlets include Foodland, Whole Foods, and Safeway). In March of 2023, they began selling products at 9 locations in Southern California at Erewhon market (locations include LA and Venice).</p> <p>To date the principal founder has invested \$123,918 of her own capital in the form of a 1% loan due in two years but she will extend the term until the business can afford to repay the debt.</p> <p>The funds from this loan will be used to purchase new yogurt production and bottling equipment, build a cold room, build out the new warehouse space (once secured), and working capital to help with bulk purchases of packaging materials.</p> <p>Koko Kai currently operates out of a 1,200 sqft commercial kitchen lab in Kakaako and is on an annually renewable lease. The property owner has the site listed for sale, but has agreed to provide terms that will allow for continued operations until the new site is secured. They are looking to lease an industrial space to scale their production with larger equipment.</p> <p>The principal has a personal loan of \$150,000 at 1% annual interest with a 25-year term from a high net worth individual. These funds are being held in a high yielding savings account but are available to cover any potential cash shortfalls if needed.</p> <p>The Global Debt Service Coverage Ratio (GDSCR) for 2022 of 1.0 is below our required ratio of 1.2. However, the personal cash reserve increases confidence in the borrower's ability to service the debt. Forecasts for the 2023 GDSCR of 1.3, which is based on actuals from the first 15 weeks of the year, does exceed our requirements.</p> | <p>Vote:</p>   |



Feed The Hunger Foundation Bi-weekly Loan Committee Meetings

Prepared: 5/3/2023

| # | Items Discussed | Notes |
|---|---|-------|
| | <p>The business principals have a very good to excellent credit rating, and proven themselves to be financially educated and supported by capable business advisors (Sultan Ventures).</p> <p>This loan will be a joint FTHF and DBEDT/CBED loan, with each organization contributing 50% of the capital and FTHF receiving a portion of the closing fee and interest charge on the DBEDT/CBED portion of the debt.</p> | |

| # | Description | Assigned To | Date Assigned | Due Date | Date Completed | Comments |
|---|-------------|-------------|---------------|----------|----------------|----------|
| 1 | Action: | | | | | |
| 2 | Action: | | | | | |
| 3 | | | | | | |
| 4 | | | | | | |
| 5 | | | | | | |
| 6 | | | | | | |

Loan Presentation: Koko Kai Yogurt

| | | | | | | | |
|---|--|-----------------------------------|--|-----|---------------|-----|----------------|
| Date: | 4/18/2023 | Total Project Cost: | \$ 170,000 | | | | |
| Business: | Koko Kai Foods dba Koko Kai Yogurt | Loan amount requested: | \$ 120,000 | | | | |
| Principal Name(s): | Aline Steiner | Recommended Interest rate: | 4.0% | | | | |
| Address: <i>Business Address</i> | 845 Quenn Street Unit 102, 103 96813 | Term / Amortization: | 84 | | | | |
| Business Type: | Existing | RISK RATING: | 2 Good | | | | |
| FTHF Loan Client: | No | Access to Other Capital*: | | | | | |
| Loan Status: | New Request | | | | | | |
| Business Structure: | Limited Liability Company | | No. Declined by Bank of Hawaii | | | | |
| Purpose of Loan: | Fixed Asset & Working Capital | | | | | | |
| Jobs created: | 1 | | | | | | |
| Jobs retained: | 3 | | | | | | |
| Ownership Structure: | <table style="width: 100%; border: none;"> <tr> <td style="width: 15%;">51%</td> <td style="width: 85%;">Aline Steiner</td> </tr> <tr> <td>49%</td> <td>Jonathan Roach</td> </tr> </table> | | | 51% | Aline Steiner | 49% | Jonathan Roach |
| 51% | Aline Steiner | | | | | | |
| 49% | Jonathan Roach | | | | | | |
| | | Business description: | Aline Steiner and Jonathan Roach founded Koko Kai Foods LLC in mid-2020. Koko kai Foods Is a producer of non-dairy (coconut) yogurts that sources ingredients from local farmers when possible, and fair trade farmers when they have to import. The founders were working as a private chef and website developer prior to COVID. As a result of losing most of their income due to the global pandemic they began to create non-dairy yogurts. They are currently selling products in Hawaii (84 locations throughout the State - Foodland, Whole Foods, and Safeway) and California (Erewhon market - 9 locations LA region). | | | | |

**CBED Outreach and Marketing Program for 2023 and
Discussion**

Since our CBED February 2023 Meeting the following events occurred or are scheduled:

- March 9 Best Practices & Microlending for Food Businesses and More Organized by SBA and MCBL with DBEDT/CBED, FTHF and DOH as speakers.
- March 21 Participated in Maui Economic Development Agencies monthly meeting and Presented CBED Loan Program; Follow on meetings with Gary Albitz, MEDB Consultant.
- May 25 First Foundation Bank presentation on CBED Loan Program, part of an SBA program on alternative financing.
- Summer/Fall Coordinating with Innovate Hawaii/HTDC on Neighbor Island Outreach Program.
- Sept 16 Small Business Fair at LCC in collaboration with SBA, SBDC, OER and LCC.

Outreach at Made in Hawaii and Made in Maui events

**Introduction of Keoki Noji, Economic Development
Representative, Economic Development Administration
(EDA)**

Keoki Noji Bio

Keoki Noji is the new Economic Development Administration (EDA) Economic Development Representative (EDR) for the Pacific. Although technically a part of the EDA Seattle Regional Office, he is based out of Honolulu, HI. As an EDR, his role is largely to be the first point of contact for potential applicants, answering questions and providing information throughout the pre-application process. Keoki is a seasoned nonprofit manager and business consultant with extensive experience working in a wide variety of fields and industries including, but not limited to, education, health, business, sustainability, environmental conservation, and community-based economic development. He was the Chief Operating Officer at the Hawai'i Alliance for Community Based Economic Development (HACBED), a nonprofit intermediary providing support to community groups and other nonprofit organizations, for 8+ years. At HACBED, Keoki supervised the planning and execution of training and technical assistance activities. In addition, Keoki was responsible for grant writing, budgeting, and reporting. He has extensive experience and background with grant and project management, operation, and evaluation. He is also currently on the Board of Directors at Family Programs Hawaii, a nonprofit organization providing a wide array of support services to foster youth and families. Keoki is from Honolulu and in his free time, enjoys spending time with his wife and two young children.