

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

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

**TUESDAY, JUNE 30, AT 10:00 A.M.**

**Department of Business, Economic Development and Tourism**

250 South Hotel Street, 4th Floor

Conference Room 436, Honolulu, Hawaii 96813

AND VIA VIRTUAL APPLICATION ZOOM: VIDEO/AUDIO CONFERENCE

Advisory Members Present were:

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)
Matthew Loke	-	Department of Agriculture (Ex-Officio)
Ernest Matsumura	-	Advisory Council Member (Hawaii/Hilo)
Colleen McAluney	-	Advisory Council Member (Oahu)
Roberta Melton	-	Advisory Council Member (Kauai)
Mark Ritchie	-	Department of Business, for Dennis Ling, (Ex-Officio)/ Presided Economic Development & Tourism

Guests:

Aaron Ellis	-	Feed The Hunger Fund
Nainoa Logan	-	Waianae Economic Development Council

Staff:

Elisa Amemiya	-	Attorney General's Office
Wayne Thom	-	DBEDT
Leslie Kawamoto	-	DBEDT
Timothy Tiu	-	DBEDT
Selma Malcolm	-	DBEDT

Apology:

Teena Rasmussen	-	Advisory Council Member (Maui)
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CALL TO ORDER:

The meeting was called to order by Mr. Ritchie on Thursday, June 30, 2022, at 10:02 a.m. All members and guests participated via ZOOM.

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

Mr. Ritchie welcomed everyone to the meeting and asked Council to introduce themselves and indicate if they were alone at their respective meeting sites, per Sunshine Law. He then introduced Mr. Aaron Ellis of Feed the Hunger Fund (FTHF) and Mr. Nainoa Logan of Waianae Economic Development Council (WEDC). They will be presenting the loans on behalf of Counter Culture, LLC dba Farm Link and Pomai Kulolo, LLC. Mr. Ritchie also introduced Ms. Elise Amemiya, Deputy Attorney General and DBEDT staff.

**APPOINTMENT OF A PRESIDING OFFICER FOR JUNE 30, 2022 MEETING:**

With no objections from Council, Mr. Ritchie presided over the meeting. He noted that Council would elect a new Chair later on in the meeting.

**OLD BUSINESS:**

**APPROVAL OF MINUTES OF MAY 17, 2022:**

The Minutes of May 17, 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 Ms. Horike and seconded by Ms. Lo to approve the Minutes of May 17, 2022, as presented.

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

Motion to adopt the May 17, 2022, Minutes was approved unanimously.

**NEW BUSINESS:**

**Public Testimony:**

There was no public testimony.

1. **Recommendation/Approval of CBED Loan of \$100,000 to Counter Culture, LLC dba Farm Link:**

Mr. Ritchie invited Mr. Aaron Ellis of Feed The Hunger Fund (FTHF) which is one of DBEDT's/CBED's co-lending partners to make his presentation to Council on the DBEDT/CBED loan of \$100,000 to Counter Culture, LLC dba Farm Link for working capital and equipment.

Mr. Ellis reported that Counter Culture, LLC dba Farm Link is an online marketplace for local producers/farmers. The majority of their products are from local farmers on Oahu, Maui and the Hawaii Island. In 2021, Counter Culture, LLC dba Farm Link purchased over \$1 million of local produce from the local farmers and by 2027 they are expecting to purchase about \$20 million worth of goods.

Mr. Ellis stated that Counter Culture, LLC dba Farm Link is currently seeking a loan of \$200,000 (\$100,000 from DBEDT/CBED and \$100,000 from FTHF) for working capital and that FTHF has already approved their loan of \$100,000. The loan has a blended interest rate of 3.5% over a 7-year period with a balloon payment of \$100,000 at the end of the 7-years. Mr. Ellis also stated that the balloon payment is equivalent to loan guaranteed and that Slow Money Hawaii and KL Felicitas have provided \$50,000 each as loan guarantees. Also, there is an additional \$40,000 in collateral that could cover the loan.

Mr. Ellis stated that the funds would be used to hire a director of supply chain and a software personnel for ecommerce and the warehouse. The director of supply chain would assist with procuring all the local goods for the marketplace while the software personnel would manage the logistics of dealing with the increase in customers. During the beginning of COVID-19, Counter Culture, LLC dba Farm Link had about 400 customers and in the second month of COVID-19, over 800 new customers applied for membership. Unfortunately, their system did not have the capacity to accommodate more customers and suppliers when at one point, about 1000 customers per month applied. Currently, they have 1200 customers. In 2027, Counter Culture, LLC dba Farm Link's projection is about 600 new customers per month.

Mr. Ellis stated that the current revenue streams for Counter Culture, LLC dba Farm Link include grants and that the loan repayment would require more grant funding and equity investments. This is on the risk side. But to mitigate that, recently, Claire Sullivan was brought on as the CEO. She was part of the team at MA'O Organic Farms where she helped to secure over \$11 million in grant funding to expand the Farm. Prior to MA'O Organic Farms, Ms. Sullivan worked at Wholefoods so she is very familiar with the logistics and procurement of the food supply chain. Mr. Ellis stated that in 2021, Counter Culture, LLC dba Farm Link secured a \$1 million in grant funding and will be looking at securing another \$2.5 million over the next 5-years. He then noted that it is a great opportunity for his organization, FTHF to support food and agriculture in Hawaii.

During discussion, Mr. Ritchie indicated that Lisa Kleissner of Hawaii Investment Ready has committed a \$50,000 loan guarantee. Mr. Ellis then noted that Mary Spodaro of Slow Money Hawaii is also pledging a \$50,000 loan guarantee with the expectation that DBEDT/CBED would approve another \$100,000 loan, in addition to FTHF.

Ms. Melton commented that she is familiar with Farm Link and they have a great program. She then asked about the "equity raise." Mr. Ellis explained that the total raise is going to be just under \$5 million in equity to help with expansion. Counter Culture, LLC dba Farm Link is working with Kamehameha Schools to identify new sites.

Mr. Brown asked how the loan guarantees will be allocated. Mr. Ellis replied that the \$50,000 loan guarantee from KL Felicitas and the other \$50,000 from Slow Money Hawaii will go directly to FTHF and DBEDT/CBED respectively.

At this point, Mr. Ritchie requested a motion on this agenda item.

Motion was made by Mr. Kuroda and seconded by Ms. Melton to recommend to the DBEDT Director approval of the DBEDT/CBED loan of \$100,000 to Counter Culture, LLC dba Farm Link for working capital and equipment.

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

The motion was unanimously approved.

Mr. Ritchie thanked Mr. Ellis for his presentation and noted that Mr. Ellis is also involved in the next loan with Mr. Logan to Pomai Kulolo.

## **2. Recommendation/Approval of CBED Loan of \$105,000 to Pomai Kulolo, LLC:**

Mr. Ritchie invited Mr. Nainoa Logan of Waianae Economic Development Council (WEDC) which is one of DBEDT's/CBED's resource partners to make his presentation to the Council. Mr. Ritchie then reiterated that Mr. Ellis of Feed the Hunger Fund (FTHF) is also involved in the loan to Pomai Kulolo, LLC and that the loan has four (4) participants, FTHF, DBEDT/CBED, Lei Ho'olaha and the State Department of Agriculture.

Mr. Logan reported that Pomai Kulolo, LLC is requesting a total loan amount of \$500,000 to purchase farming equipment. The loan is spread amongst four (4) organizations, i.e., FTHF/ \$150,000; DBEDT/\$105,000; Lei Ho'olaha/\$100,000; State Department of Agriculture/\$145,000. Mr. Logan also reported that Pomai Kulolo, LLC has been around since 2014 but during COVID-19, the company had a phenomenal growth, they accelerated their revenue in sales. Also, that Pomai Kulolo, LLC has 64 stores in distribution mainly on the Island of Oahu but their goal is to expand to the entire State of Hawaii. Their objectives are - to improve their efficiency in operation in Kaneohe; expand and build a processing hub on the Island of Kauai in partnership with private landowners for kalo farming. The company will start with 100-acres and their mission of meeting the priorities for the

DBEDT/CBED loan is to hire four (4) new workers for the processing plant on Kauai. Their goal for the 100-acres is to work with the local farmers on Kauai with each getting 10-acres to farm kalo which is another 10-jobs for the farmers. Mr. Logan then invited Mr. Ellis to speak to the financials of Pomai Kalolo, LLC.

Mr. Ellis thanked Mr. Logan for all the hard work he has done so far with Pomai Kalolo, LLC. Mr. Ellis stated that FTHF is excited to invest in Pomai Kalolo, LLC. It is a Native Hawaiian owned business that is producing some culturally significant crops and it is doing very well financially. Pomai Kalolo has a revenue of \$2.2 million with \$450,000 in net income after expenses. From a cashflow prospective, Pomai Kalolo, LLC debt can be repaid easily from the company's net income, but based on their 2021 actual revenue, Pomai Kalolo, Inc., has almost \$400,000 of free cash flow available. There are roughly 20% collateral coverage available to pay for the debt but 80% of the debt capital will be at risk although he didn't think it would get to that stage as he is confident that the loan is solid.

Regarding marketing, Mr. Logan indicated that Pomai Kulolo, LLC has been working with Kaiser and food nutritionists to provide supplemental meals for senior citizens meal replacement also for patients in hospice care, etc., They are also creating a powder or shelf-style version that they want to modify into baby formula. Their mission is to follow King Kalākaua's lead in bringing poi to the world. The baby food and senior citizens meal replacement are expected to be completed within the next 18 months while the taro-based products will be in the next 3-6 years.

Pomai Kulolo, LLC opened a mill in Utah to start their national distribution and so far, they have distributed to 5-states with a small revenue of \$30,000/year because there has not been enough supply for the national level.

Mr. Brown commented that it's really good to see a Native Hawaiian owned business, manufacturing native Hawaiian products at its core which makes him very excited. He then thanked everyone for the information that was shared and that he appreciates how Mr. Ellis dived into the financial of the company and how Mr. Logan checked all the boxes from a DBEDT/CBED prospective.

Mr. Matsumura asked for clarification on the \$450,000 net income; whether it was sales or net income profit. Mr. Logan explained that the revenue is \$2.2 million with the \$450,000 in net income after expenses.

With no additional Council comments or questions, Mr. Ritchie requested a motion on this agenda item.

Motion was made by Ms. Horike and seconded by Ms. Lo to recommend to the DBEDT Director the approval of a DBEDT/CBED loan of \$105,000 to Pomai Kulolo, LLC to be used for equipment.

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

The motion was unanimously approved.

Mr. Ritchie then thanked Mr. Logan and Mr. Ellis for all their hard work.

**3. Election of Chair:**

Motion was made by Ms. Lo and seconded by Mr. Ritchie to nominate herself as the new DBEDT/CBED Chair. There were no other nominations.

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

The motion was passed unanimously.

Mr. Ritchie and Council congratulated Ms. Lo as the new chair of the Council.

**Expiration of Term:** Mr. Matsumura advised the meeting that his term expires at the end June 2022 and that he would be moving on to other projects. Mr. Matsumura then thanked the council for the opportunity to serve. Mr. Ritchie and the rest of the council members thanked Mr. Matsumura for his service.

**NEXT MEETING:**

Tuesday, July 19, 2022, at 10:00 a.m.

**ADJOURNMENT:**

The meeting was adjourned at 10:58 a.m. on a motion by Ms. Lo and seconded by Mr. Brown. All in favor by the showing of hands.

Respectfully submitted,

*Mark Ritchie*

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Mark J. Ritchie  
Presiding Officer

Jul 6, 2022

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Date