

**DRAFT**

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

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

**TUESDAY, AUGUST 16, 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:

Nancy Elvira Lo (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)
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 Dennis Ling	-	Department of Business, Economic Development & Tourism (Ex-Officio)

Staff:

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

CALL TO ORDER:

The meeting was called to order by Chair Lo on Thursday, August 16, 2022, at 10:02 a.m. All members and guests participated via ZOOM.

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

Chair Lo 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. Mr. Ritchie then introduced Ms. Elise Amemiya, Deputy Attorney General and the DBEDT staff.

Mr. Ritchie announced that Leslie Kawamoto has retired from DBEDT/CBED and all future correspondence should be addressed to Selma S. Malcolm (selma.s.malcolm@hawaii.gov)

Mr. Ritchie expressed that there were no loans to be voted on at the meeting but discussions will be held on the DBEDT/CBED Revolving Loan Fund, CBED Strategy and Outreach programs.

### **OLD BUSINESS:**

#### **APPROVAL OF MINUTES OF JUNE 30, 2022:**

The Minutes of June 30, 2022, meeting were distributed and reviewed by Council. Chair Lo asked if there were any comments and/or corrections to the Minutes. Hearing none, she asked for a motion to approve the Minutes.

Motion was made by Mr. Kuroda and seconded by Mr. Brown to approve the Minutes of June 30, 2022, as presented.

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

Motion to adopt the June 30, 2022, Minutes was approved unanimously.

### **NEW BUSINESS:**

#### **Overview of Two (2) Active non-EDA-Funded Loans (Kohala Meats and Deli, LLC & Hawaiian Agricultural Products, LLC:**

Mr. Thom updated the meeting on the following loans:

- **Kohala Meats and Deli, LLC:**

In February 2017, Kohala Meats and Deli, LLC, owned by Mr. & Mrs. David Fuertes, received a joint loan from the Department of Business, Economic Development and Tourism's Community-Based Economic Development Program (DBEDT/CBED) and the Department of Agriculture's (DOA) Loan Division totaling \$50,000 (DBEDT/CBED - \$25,000 & DOA - \$25,000) to renovate a 1,592 sq. ft. leased building in North Kohala for a meat and deli market. Mr. Thom stated that the Fuertes contributed \$100,000 of their own funds towards the project. The loan is for 10-years at 3.375% interest per annum, fixed. Their loan repayment amount to DBEDT/CBED is approximately \$300 per month. As of 6/30/2022 the balance on their loan is \$5,850; they are ahead of their payment and projected to complete the payment in 2024 instead of 2027.

Mr. Thom advised that Mr. Fuertes is a former DBEDT/CBED Council member/chair.

- Hawaiian Agricultural Products, LLC

Mr. Thom reported that in April 2020, DBEDT/CBED approved a co-loan with the Department of Agriculture (DOA) totaling \$120,000 (\$60,000 each) to Hawaiian Agricultural Products, LLC, which is owned by Mr. & Mrs. Ken Hirata. The purpose of the loan was to purchase and install addition brewing and holding equipment to expand their production and distribution of shochu (a higher-grade sake). Mr. Thom expressed that the company was able to double their shochu production from 6,000 to 12,000 bottles per year with CBED's and DOA's matching loans. He also informed Council Members that the loan to Mr. & Mrs. Hirata was for 10-years at 3% simple interest with a loan repayment of \$580 per month.

### **Overview of Eight (8) Active EDA-Funded Loans:**

Based on the request of Council member(s) at a previous meeting regarding reports that DBEDT/CBED has been submitting to the EDA for the CBED Revolving Loan Fund; Mr. Ritchie presented an overview of eight (8) active EDA funded loans for review and discussion. The companies are Re-Use Hawaii, Haleiwa Distilling, Makai Health Corporation, HB Banking, Inc., Lubrco, LLC, Amro-Asia Trade, Inc., Farm Link Hawaii, Inc., and Pomai Kulolo.

Included in the meeting packets were copies of the Federal Financial Reports which analyzed the drawdown money taken from the EDA fund with a 20% match from the State. Mr. Ritchie reported that of the \$1 million of the EDA funds as of the end of July 2022 a total of \$584,000 has already been drawn down from the EDA and matched by \$146,000 in state funds.

Mr. Ritchie expressed that DBEDT/CBED has exceeded 50% of doing its drawdown from the Federal Government and has until March 2024 to complete the entire drawdown. He explained that after the entire fund is deployed, EDA will "de-federalize" the funds and there will be more flexibility on how RLF money is used as long as it is for economic development purposes.

The eight (8) active EDA-funded loans were reviewed. Mr. Ritchie indicated that DBEDT/CBED has been able to do these loans with the assistance of their resource partners – Heather Piper/Hawaii Community Reinvestment Corporation (HCRC), Aaron Ellis/Feed the Hunger Fund (FTHF) and Nainoa Logan/Waianae Economic Development Council (WEDC), an emerging Community Development Financial Institution (CDFI). Mr. Ritchie also indicated that of the eight (8) loans, three (3) were fully funded by DBEDT/CBED – HB Baking, Inc., Lubrco and LLC, Amro-Asian Trade, Inc., and that the underwriting of those loans was done by Mr. Logan/WEDC and WEDC will be doing the loan servicing as well. Mr. Ritchie noted that DBEDT/CBED does not have an inhouse underwriter.

Mr. Ritchie will provide a one-page survey of each loan every 6-months.

During discussion, Mr. Kuroda inquired as to whether the economically challenged areas are being served. He also inquired about the industry type, activities, etc., because he wasn't able to find that information in the overview of the loan portfolio. He also mentioned that those have been the focal points along with jobs creation, etc.

Mr. Ritchie explained that all of our DBEDT/CBED loans except for one fit in the revolving loan fund plan which focuses on manufacturing, wholesaling and value-added agriculture. Also, that he would prepare a dashboard spreadsheet for the next meeting with all the economic development metrics.

Mr. Kuroda also asked if Mr. Ritchie could prepare a summary of the loan performance probably quarterly, to include the purpose of the loan as well as the borrowers.

### **Sector-focus and Strategy review for CBED Loans & Discussion:**

The DBEDT/CBED Revolving Loan Fund Plan focuses on manufacturers, wholesalers and value-added agricultural borrowers. Mr. Ritchie indicated that DBEDT/CBED tries to do loans in collaboration with resource partners in order to leverage our money. Mr. Ritchie mentioned that the revolving loan fund plan needs to be updated within the next year.

### **Grants and Strategy Review**

Mr. Ritchie stated that around \$60,000 was allocated for a particular grant program to help non-profits go after federal grants by providing the non-profits with technical grant writing assistance. The CBED program is interested in Council's ideas of other worthy grant programs to assisted non-profits involved in community-based economic development activities.

### **CBED Outreach Marketing Program for FY 2022-2023**

Mr. Ritchie asked Council to think about joint events that DBEDT/CBED could do on the neighbor islands and let him know. Also, that DBEDT/CBED has a big event coming up on September 17, 2022. It is the Hawaii Small Business Fair at the Leeward Community College, in partnership with INPEACE, Leeward Community College, Pacific Gateway Center, Small Business Administration and Office of Economic Revitalization, City and County of Honolulu. The last fair was held in May, 2019 and it was successful. Mr. Ritchie also expressed that DBEDT/CBED would like to do some Small Business Fairs on the other islands.

Ms. Rasmussen suggested that Lokai Pacific, a CDFI on Maui would be a very good company for DBEDT/CBED to contact. Mr. Ritchie said he would try and schedule a Zoom meeting with the Executive Director, Susie Theiman. Ms. Rasmussen will join the Zoom meeting.

Mr. Ritchie then informed Mr. Brown that DBEDT/CBED would like to consider co-lending with the Office of Hawaiian Affairs (OHA). Mr. Brown noted that the connection is there and he will keep that fluid.

Ms. Rasmussen suggested that DBEDT/CBED could do an assessment if there are any niche market(s) such as in healthcare. There are CDFI's focusing on these businesses. Healthcare is such a huge sector in Hawaii. CBED could also look at Creative Industries.

At this point, Mr. Ritchie announced that Mr. Loke joined the meeting.

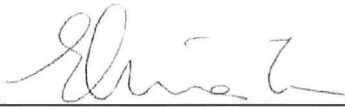
NEXT MEETING:

Tuesday, September 20, 2022, at 10:00 a.m.

ADJOURNMENT:

The meeting was adjourned at 10:59 a.m. on a motion by Mr. Brown and seconded by Ms. Horike. All in favor by the showing of hands.

Respectfully submitted,



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Nancy Elvira Lo  
Chair

9/1/22

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Date