

**Meeting Packet CBED Advisory Council Meeting  
April 19, 2022 10:00 am**

**Old Business: Approval of CBED Advisory Council Meeting  
Minutes for February 15, 2022**

**DRAFT**

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

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

**TUESDAY, FEBRUARY 15, 2022, 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)
Dennis Ling	-	Department of Business, Economic Development & Tourism
Nancy Elvira Lo	-	Advisory Council Member (Oahu)
Matthew Loke	-	Department of Agriculture
Ernest Matsumura	-	Advisory Council Member (Hawaii/Hilo)
Teena Rasmussen	-	Advisory Council Member (Maui)
Guests Heather Piper	-	Hawaii Community Reinvestment Corporation
Nainoa Logan	-	Waianae Economic Development Council
Staff: Bryan Yee	-	Attorney General's Office
Mark Ritchie	-	DBEDT
Wayne Thom	-	DBEDT
Lyle Fujioka	-	DBEDT
Leslie Kawamoto	-	DBEDT
Timothy Tiu	-	DBEDT
Selma Malcolm	-	DBEDT

**CALL TO ORDER:**

The meeting was called to order by Chair James on Tuesday, January 16, 2022, at 10:00 a.m.

- **Welcome Current Members and Introduction of any Guests:**  
Chair James welcomed and thanked everyone for joining the meeting via Zoom. She then introduced the council members, DBEDT staff, and guests Nainoa Logan and Heather Piper (who joined later in the meeting)

**OLD BUSINESS:**

**APPROVAL OF MINUTES OF 10/19/2021 & 12/9/2021:**

1. **October 19, 2021, Meeting Minutes:** Motion was made by Mr. Matsumura and seconded by Mr. Brown to approve the Minutes of Tuesday, October 19, 2021, with a minor correction made by Mr. Brown on page 10.

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

The motion was unanimously approved.

2. **December 9, 2021, Meeting Minutes:** Motion was made by Mr. Dennis Ling and seconded by Ms. Jane Horike to approve the Minutes of Thursday, December 9, 2021, unamended.

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

The motion was unanimously approved.

Chair James asked the Council if there were any objections to moving the Old Business Agenda item, Update on Progress of CBED "Grant Writing" Program to the end of the meeting in order to accommodate our guests who are here for the New Business items. There were no objections.

**NEW BUSINESS:**

1. **Approval of DBEDT/CBED Loan of \$50,000 to Maika`i Health Corporation for Leasehold Improvements:**

Mr. Ritchie introduced Ms. Heather Piper of the Hawaii Community Reinvestment Corporation (HCRC). Over the past year, Ms. Piper has been working with Maika`i Health Corporation (MHC), a non-profit medical clinic and also a potential borrower located in an underserved area in Hilo in terms of medical doctors and healthcare. He then invited Ms. Piper to make her presentation to the Council.

Ms. Piper expressed thanks and appreciation for the opportunity to work with DBEDT/CBED and requested the council's participation on a co-lending opportunity with HCRC and DBEDT/CBED on a loan to MHC. MHC is a non-profit organization which was formed about a year and a half ago specifically for the purpose of opening up a community health clinic in Hilo. Ms. Piper reported that MHC raised about \$190,000 in grants but did not meet their goal, so they are currently in need of an additional \$150,000 to be used for leasehold improvements, working capital and equipment. Also, MHC had a



very successful opening on November 15, 2021, and within the first 8-weeks, the clinic had served over 400 new patients, submitted billings for over 440 patients (some patients had 2-visits) and has over 300 patients pending. Ms. Piper advised that MHC contracted with all the major health insurance companies in Hawaii, except for Kaiser and that HCRC is excited to help them to be successful while they take on new patients and expand their services.

Mr. Ritchie reiterated that the clinic is located in an underserved area -- Hilo and that MHC contributes to economic development by both providing necessary medical services which can support a healthier community, as well as providing job opportunities, thus he felt it fits into the CBED program.

Ms. Piper then stated that MHC has created 8 full-time positions and one part-time position. They have added behavioral health services and COVID-19 testing and vaccinations in February 2022 and have the credentials to open a pharmacy.

Ms. Horike requested a list of MHC board members and expressed concerns on how MHC is planning to repay the loan because many of the health centers do not make a profit. She inquired about their payer mix, i.e., how many out of their 400 patients are on Medicare and Medicaid and what percentage is private patients? She also asked about the number of patients visits per day, and if MHC will become a family qualified healthcare center that is similar to the Waianae Coast Comprehensive Center. She then noted that MHC is located in an area of Hilo which has a lot of medical offices and that the clinic is not located in a low-income area, it's in more like a middle-class area.

In addressing Ms. Horike's questions and concerns, Ms. Piper stated that DBEDT has a complete list of MHC staff and board members. Chair James then informed Ms. Horike that a list of the board members and staff was on the last page of the meeting materials packet that DBEDT/Ritchie distributed.

Ms. Piper stated that MHC is not a large clinic like Waianae Coast Comprehensive, it is a small single office clinic with low overhead expenses and the previous doctors had given the current doctors a very reasonable 5-year lease so she does not perceive MHC having any economic challenges.

Ms. Piper stated that the duration of MHC loan is 3-years and that 2-3 doctors will be closing their practices in Hilo and will be referring their patients to MHC so the demand is there for patients needing services. The source of MHC payment is cashflow projection based on their first 2-months of operations in billings. Currently, MHC is averaging 20 patients per day and their target is 25 patients. Regarding health insurance, Ms. Piper did not have a breakdown available, however, MHC received about \$30,000 from HMSA in the previous week.

Chair James then thanked Ms. Piper for her presentation.

Mr. Kuroda wondered if the loan to MHC would create a perception that they are moving away from their focus of agriculture and manufacturing.

Mr. Ritchie explained that during his outreach presentations, he advised that DBEDT's/CBED's focus is on agriculture and manufacturing but that does not mean certain companies would be excluded. And, now that DBEDT/CBED has access to the EDA's \$1 million grant funds, there are new opportunities. He explained that a part of our strategy is to form partnerships with organizations such as the HCRC, Feed the Hunger Fund and the State Department of Agriculture to do co-lending because there is no underwriting or loan servicing capabilities in DBEDT right now. This is a new opportunity for DBEDT/CBED and although it is not an agriculture loan, this does serve the need of agricultural workers in the Hilo area.

Mr. Brown asked Ms. Piper if COVID-19 testing is included in the 20 patients that the MHC is averaging per day. Ms. Piper replied in the negative. Mr. Brown also asked if when DBEDT/CBED co-lends like this if it is typical to follow and structure the loan along the same terms as the co-lender.

Mr. Ritchie explained that each loan is different and its sort of depends on the co-lending partner. Ms. Piper added that the reason for the 3-year amortization is because there is less than 4-years left on the lease, so HCRC is making sure that the loan is fully amortized prior to the end of the lease.

Mr. Ling asked if MHC provided DBEDT/CBED with a pro forma income statement or a balance sheet.

Ms. Piper answered in the affirmative and noted that she submitted that information to Mr. Ritchie. Mr. Ritchie concurred and noted that he did a redacted package due to confidentiality, but he will share the full document with Mr. Ling. Mr. Ling then inquired about MHC's total assets and liabilities. Ms. Piper said MHC's total assets are just over \$250,000 and the loan will be their only liability. Based on MHC's forecast, they have a cashflow 2 ½ times to cover their proposed loan repayment. The interest rate for 3-years is 5 percent which is in DBEDT's range of 3-6 percent by statute.

HCRC board has approved the loan on 2/11/22, subject to Ms. Piper finding a co-lender.

Mr. Yee of AG's office suggested that he could have discussion with Mr. Ritchie and other DBEDT staff on how to deal with confidential business information during a meeting as well as how to provide information to the board.

Ms. Rasmussen concluded the discussion by noting her support for the loan stating that healthcare services are limited on Hawaii Island and on Maui so this can help with that situation.



At this point, Chair James inquired if anyone would like to make a motion regarding this loan to Maika`i Health Corporation.

Motion was made by Ms. Rasmussen and seconded by Mr. Matsumura to recommend the CBED Loan of \$50,000 to Maika`i Health Corporation to the DBEDT Director for approval.

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

The motion was unanimously approved. *(With 2 reservations – Ms. Horike & Mr. Loke)*

**2. Presentation by Mr. Nainoa Logan of Waianae Economic Development Council (WEDC)**

Mr. Thom introduced Mr. Nainoa Logan, Loan Manager with the Waianae Economic Development Council (WEDC). He said previously, the CBED Advisory Council approved \$5,000 in grant funding for technical assistance for grant writing to WEDC as part of a \$60,000 approved grant program. Mr. Thom stated that Mr. Logan and Mr. Laplio, President of WEDC applied to the Administration for Native Americans and was successful in receiving more than \$1 million in grant funds to plan and develop an emerging CDFI that would start a microloan program for the Waianae Coast and throughout the State of Hawaii. Mr. Thom then invited Mr. Logan to make his presentation on the CDFI micro loan and on WEDC.

During his PowerPoint presentation, Mr. Logan advised that the WEDC is focusing on the Waianae Coast but, will be delivering services statewide. He stated that the median household income in Waianae in 2019 was approximately \$66,766 which was about 30 percent less than the State Median. One of their goals for the nonprofit is to raise the median income level on the Waianae Coast to parity with the State. Mr. Logan said there are about 1500 businesses registered in Waianae and about half of those businesses are actively engaging and the majority of these businesses are single member LLC or sole proprietors with no employees. Also, back in 2020, WEDC conducted a survey with a response level of about 300 with different groups and sixty-six (66) percent of all the businesses they surveyed earned less than \$20,000 per year. The WEDC goal is to elevate the income level of the Coastline/Waianae and they are trying to attack issues in multiple prongs such as the indigenous perspective and western financial perspective in order to try and hit multiple groups and ethnicities to be able to achieve that goal.

Mr. Logan advised that the vision of the WEDC is to be a leader in the economics field for collective approaches in community planning, capacity building, financial services and business development. WEDC mission will increase opportunity to the Waianae Coast

residents by developing the community's rich, natural, cultural and human resources. Their grand vision is to become the spokesperson for the Waianae Coast.

Regarding WEDC's role and strategic priorities Mr. Logan stated that CDFI certification is actually one of the priorities that came out in 2015. He said they started a summit and one of the summits recommendations was to create a community lending institution which they are on their way to achieve. Mr. Logan then thanked DBEDT/CBED for the \$5,000 grant to hire a grant writer for which they achieved that grant for over \$1 million. Also, WEDC would like to undertake a sustainable and long-term community planning entity and stimulate entrepreneurial initiatives. He said they are providing a lot of business training, business capacity, business development and technical assistances, constructing physical facilities, as well as remote accesses to one-on-one coaching with multiple businesses and in 2021 they assisted about 100 different businesses, and for 2022, their goal is 200-300 businesses. They also would like to improve access to capital which a CDFI could do through the use of information technology and other resources.

Mr. Logan shared their 2030 goals which include NA-CDFI certification and Community Development Certification. They are running 3-programs with the grants that they received through the DBEDT's funding, i.e., Financial Lo'i, Maolipreneur/Business Development and CDFI Loans. Mr. Logan thanked the Council for allowing him the opportunity to make a presentation to the meeting.

Mr. Ritchie noted that one reason we wanted WEDC to present to the CBED Advisory Council was that CBED has started monthly meetings with WEDC to review and discuss potential CBED loan candidates that WEDC has been able to assist.

The Chair & members of the Council congratulated Mr. Logan on the good work they are doing at WEDC.

### **3. Update on Progress of CBED "Grant Writing" Program:**

Wayne Thom reported that since 2020 DBEDT/CBED received a total of 25 applications for technical assistance/grant writing and of the 25, 14 were selected to retain the services of a professional grant writer. Two organizations were funded for a totaled \$1,353,200, and to-date, DBEDT/CBED expended \$35,000 with a 39:1 ration on every dollar spent. Also, out of the 14 applications, 4 had Federal Agency turndowns; 4 contracts were expired because those organizations were not able to complete the process in time and 4 are still pending. Mr. Thom will discuss with Mr. Yee, how to handle the 4 contracts that were expired.

#### **NEXT MEETING:**

**March 15, 2022 at 10:00 am**

ADJOURNMENT:

The meeting was adjourned at 11:11 a.m. on a motion made by Mr. Brown seconded by Ms. Rasmussen with all in favor.

Respectfully submitted,

*Rachel James*

\_\_\_\_\_  
Rachel James  
Chair

Mar 2, 2022

\_\_\_\_\_  
Date



**New Business: Recommendation/Approval of CBED Loan of \$125,000 to Lubrco, LLC of Kalihi, Honolulu to be used for working capital and equipment**

## Ritchie, Mark J

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**From:** mark.moran@egov.com  
**Sent:** Tuesday, April 5, 2022 12:34 PM  
**To:** Ritchie, Mark J; Thom, Wayne K; Malcolm, Selma S  
**Subject:** [EXTERNAL] New submission from 2021 CBED Loan Interest Form

### Company Name

Lubrco LLC

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

COO

### Name

Laurel Chapman

### Company Contact Information

#### Address

2188 Kamehameha Hwy  
Honolulu, Hawaii 96819  
United States  
[Map It](#)

#### Company Phone

(808) 892-9251

#### Email

[businessdevelopment@lubrco.com](mailto:businessdevelopment@lubrco.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

06/06/2017

#### Type of Entity

Limited Liability Company

#### Is business a for-profit business?

Yes

#### Type of Business

Manufacturer

#### Please describe your business

Our company has been in business in Hawaii since 2017.

As founders and business executives we have over 45 years of collective experience working with governments, agencies, non-

profits, and manufacturing.

As a Hawaii business we are fortunate to have local innovation partners that have helped us accelerate our company growth, and have assisted in our pivot from industrial lubricant, oils and greases to a much - needed supply chain gap remedy for Covid – 19 and emerging pathogens - pandemic/endemic.

- Recipient of the innovate Hawaii HTDC Grant 202
- Approved as a state of Hawaii product vendor
- Authorized by the Hawaii State Department of Agriculture as Made in Hawaii with Aloha.

Our company has state of the art production lines, and full warehouse capacity to run a minimum of 9,000 units per shift. We develop, process, manufacture and package disinfectant and cleaning solutions; we offer our finished and customizable labeling for products to all islands, Pacific Rim and North America.

We have an integrated customer service management system that provides portal access to customers with customizable options for shipping, billing, reporting, order tracking and return requests. Our dedicated team of professionals ensures successful purchasing, delivery, and automation efficient servicing of all customers and continuous order needs.

Offering fair and equitable price point while highlighting quality, sustainability, and delivery. We provide good value, and are investing big in keeping local supply chain and jobs expanding.

**Annual Revenue**

\$674,045.00

**Number of Employees**

5

**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?**

New products, scale, purchase order fulfillment

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

Equipment, inventory etc

**Terms & Conditions**

- I Agree

**CBED LOAN PROGRAM**  
**Customer Information Sheet**

Name of Organization	Lubrco LLC		
Tradename or DBA			
Mission	Lubrco is invested in being a sustainable supply chain manufacturer for the islands of Hawaii, and the Pacific Rim. Lubrco is guided by Hawaiian values, and shares Aloha in company principles and practices.		
Type of Legal Entity	Limited Liability Company (LLC)	Year Established	2017
Federal Tax ID Number	(Confidential)	# of Employees 2021	5
Annual Revenue	\$ 674, 045 (FY21)	Total Net Assets	\$ 1.5 million (FY21)
Primary Contact Name	Laurel Chapman	Title	COO
Email	coo@lubrco.com	Telephone Number	808-892-9251
Business Address	2188 Kamehameha Hwy. Honolulu, HI 96819		
Website	<a href="https://lubrco.com/">https://lubrco.com/</a>	NAICS Code	325612, 236118, 236220, 324191, 339999, 312140

**Summary of the Organization:**

Lubrco LLC is a woman-owned business located in the Kalihi area of Honolulu, Hawaii. This organization primarily operates in the Disinfectants, Household or Industrial Plant business/industry within Chemicals and Allied Products sector. The organization has been operating for approximately five (5) years since June 6, 2017. Lubrco is estimated to generate (on average) \$419, 544 in annual revenues, but in 2021 reported revenue of \$674, 045. The company currently employs five (5) individuals at their business site. Operations are handled by Ms. Laurel Chapman, COO/Owner and husband, Mr. Blaire Chapman, CEO/President.

While Lubrco LLC can be classified under as many as six (6) NAICS Codes, their primary operations fall under Polish & Other Sanitation Good Manufacturing, All Other Miscellaneous Manufacturing, and Distilleries. The company has received a Hawaii PPE Supply Chain Program Grant of \$454,457 through the (State) Hawaii Technology Development Corporation for purchase of equipment and personnel costs. Also the company is located in the Urban Honolulu Enterprise Zone – a program administered within the Business Support Branch which also houses the CBED Program.

Lubrco's business plan, to begin in 2022, includes the addition of an export arm in 2022-2023 to Guam and the Pacific Islands. Current marketing activities have been specific to market research, web development, integrated process and production metrics with an integrated structure to include export when the time is right.

**Summary of Operations:**

Lubrco has state of the art production lines and full warehouse capacity to run a minimum of 9,000 units per shift, of varied sizes. Lubrco received a \$454,457 PPE development grant from Hawaii Technology Development Corporation for equipment, installation, and personnel costs to locally manufacture antimicrobial disinfectant solutions for use against most virus' and environmentally preferable products for cleaning and maintenance. Lubrco develops, processes, manufactures and packages disinfectant and cleaning solutions in Hawaii for product distribution to all islands, Pacific Rim and North America. Product lines includes ViroCare™ Muti-Surface Cleaner and ViroChem™ Multi-Surface Disinfectant.





CBED LOAN PROGRAM  
 Proposed Term Sheet  
 April 14, 2022

Borrower:	Lubrco LLC																																								
Guarantor:	Lubrco LLC (Corporate Assets)																																								
Loan Type:	Term Loan																																								
Loan Purpose:	Working Capital for Manufacturing <table border="1" data-bbox="532 457 1511 905"> <tr><td></td><td></td><td></td><td></td></tr> <tr><td></td><td></td><td></td><td></td></tr> <tr><td></td><td></td><td></td><td></td></tr> <tr><td></td><td></td><td></td><td></td></tr> <tr><td></td><td></td><td></td><td></td></tr> <tr><td></td><td></td><td></td><td></td></tr> <tr><td></td><td></td><td></td><td></td></tr> <tr><td></td><td></td><td></td><td></td></tr> <tr><td></td><td></td><td></td><td></td></tr> <tr><td></td><td></td><td></td><td></td></tr> </table>																																								
Loan Amount:	\$125,000.00 Total																																								
Loan Term:	10-years fully amortizing																																								
Interest Rate:	4% fixed																																								
Loan Fee	None																																								
Loan Closing Date:	Est. May 15, 2022																																								
Loan Expiration Date:	Est. May 14, 2032																																								
Repayment Terms:	Monthly payments of principal and interest due on the 1 <sup>st</sup> of the month: \$ 1,265.56																																								
Collateral:	UCC Blanket Security Interest on Business Assets of Borrower.																																								
Contact Name/Title:	Laurel Chapman, COO																																								
Contact Phone Number:	808-381-6841																																								
Contact Email Address:	coo@lubrco.com																																								
Billing Email Address:	coo@lubrco.com																																								
Business Address:	2188 Kamehameha Hwy. Honolulu, HI 96821																																								
Billing Mailing Address:	2188 Kamehameha Hwy. Honolulu, HI 96821																																								
Authorized Signer(s)	Laurel Chapman, Chief Operating Officer																																								

**Recommendation/Approval of CBED Loan of \$25,000 to HB Baking, Inc. of Chinatown, Honolulu to be used for equipment**

<b>Waianae Economic Development Council Recommendation: Approve for \$25,000</b>			
Name of Organization	HB Baking Inc		
Tradename or DBA			
Mission	HB Baking thrives on delighting our customers with ethereal desserts and heartfelt service creating memorable experiences for our guests.		
Type of Legal Entity	S-Corp		
Federal Tax ID Number		Year Established	2019
Annual Revenue	\$123,314.00	# of Employees 2022	4
Primary Contact Name	Heather Lukela	Total Net Assets	\$63,000.00
Email	hbbaking@gmail.com	Title	President/Director
Business Address	1468 Ala Hekili Place Honolulu, HI 96819		
Website	None		
Instagram	<a href="https://www.instagram.com/slicebyhbbaking/">https://www.instagram.com/slicebyhbbaking/</a>	Facebook	<a href="https://www.facebook.com/HB-Baking-Inc-1187531174759807">https://www.facebook.com/HB-Baking-Inc-1187531174759807</a>

**Summary of the Organization:**

Slice by HB Baking is an S-Corp retail creamery that sells custom made ice cream cakes, ice cream pies, coffee and baked goods. It's primary item is the ice cream pies with it's top seller being a pie that has 6 flavors in one. The company started as a hobby in 2019 selling out of Heather's home and became an actual business in May of 2021 by opening a retail store with the company ending up making roughly \$15,000 a month in its first year. The owners of the company Heather and David are both culinary chefs with Heather having a pastry background and David an executive chef background with combined experience of 22 years in the culinary field.

**Summary of Operations:**

HB Baking has one retail location located inside of Jolene's Market on Beretania. They have 2 full time staff in the founders of Heather and David and have 2 part-time or casual hires. Their main revenue streams are their retail location comprising of 92.5% of sales and their wholesale which comprises of 7.5%. Their wholesale is found in Liko's Tap and Table and Restaurant XO. Their gross margins run at 51.3%, profit margin is 26.2% and direct cost margin is 35.1%. The industry standard for gross margin is 30%, profit margin is 15%, and direct cost margin is 40%. HB Baking has above industry margins as the majority of their sales are coming from their retail stores.

**Expansion:**

Their expansion goals will consist of purchasing an ice cream truck to sell at popup markets on the island of Oahu. They will also expand their product line to introduce smaller sized individual pies that will be a primary driver for wholesale. They are in talks with 2 possible wholesale companies to carry their new individual sized pies.

**Marketing:**

Their primary marketing tool is Instagram. They have a decent organic following of 3,200. With the purchase of the ice cream truck, they will soon become part of the popup market scene allowing them to gain greater exposure and brand awareness.



**Jobs Creation and Retention:** Full Time: 2

Part Time: 2

**Management Team:**

**Heather Bryan, Director/President**

Has been in the culinary field since 2009. Her specific field is in Pastry where she was recognized in 2015 for Best Dish by Honolulu Magazine. Her responsibilities included creating new and exciting dessert dishes for 3 restaurants. She has a strong background in pastry menus and execution. This is her first start-up.

**David Lukela, Chief Operations Officer**

Graduated with a culinary degree in 2011 from Kapiolani Community College and worked his way up to being an Executive Chef at Alohilani Resort. Currently teaches classes at Kapiolani Community College as well as manages the operations of HB Baking. Awarded manager of the year twice, was a featured Chef by Hawaii Food and Wine Festival and a 40 under 40 class of 2018.

**WEDC Comments:**

**Highlights**

- Great signature product that people are willing to pay extra to have delivered to them as evidenced by the number of Uber and Door Dash entries from March and February bank statements with 20% of sales coming from delivery.
- Their product allows them to have some pricing power that doesn't deter customers in their current location.
- Asset to loan coverage ratio of 2.** They have enough cash assets to cover the loan by 200% and if we include equipment that ratio increases to 300%
- Expansion into popup market can increase annual revenue by an additional 50% or more depending on how many markets they choose to participate in
- Entry into the wholesale market provides another avenue for growth
- More visibility in the popup market scene will strengthen brand awareness

**Risks**

- New company with limited business experience. Transitioning from their normal jobs and into a startup comes with learning curves. Any startup with limited history carries risks, albeit in this case WEDC would consider the learning gap low as they are experts in their field. **Low Risk**
- Visibility. Current location is hidden inside of another restaurant with no visible signage on the outside. HB mitigates this risk by utilizing social media and their customers word of mouth. Their expansion plans of having a presence at popup markets will also serve to mitigate this risk. **Low Risk**
- Margins and profitability. Their margins don't reflect payroll or staff expenses. As founders of the company, they took no salary in 2021. If a salary is reflected in their numbers that would wipe out the profits and diminish the margins. At the moment the founders have decided to pay themselves a total of \$3k a month for both of their salaries. This will reflect 25% of current revenues. **High Risk**

Waianae Economic Development Council  
 Proposed Term Sheet  
 April 12, 2022

Borrower:	HB Baking
Guarantor:	Heather and David Lukela
Loan Type:	Term Loan
Loan Purpose:	Purchase of an Ice Cream Truck for popup markets
Loan Amount:	\$25,000
Loan Term:	3 Years
Interest Rate:	3% Fixed
Loan Fee:	None
Loan Closing Date:	6-May-22
Repayment Terms:	Monthly payments of principal and interest due on the 1st of the month collected via ACH debit from the Borrower's bank account.
Collateral:	\$727.03 Per Month Total Ice Cream Truck
Contact Name/Title:	Heather Lukela
Contact Phone Number:	808-202-8604
Contact Email Address:	hbbaking@gmail.com
Billing Email Address:	hbbaking@gmail.com
Business Address:	1468 Ala Hekii Place Honolulu, HI 96819
Billing Mailing Address:	1468 Ala Hekii Place Honolulu, HI 96819
Authorized Signer(s)	Heather and David Lukela



## HB Baking Biography

HB Baking was founded on March 19, 2019 as a retail baking goods business. The company initially started selling cookies, brownies, and seasonal specials through pop ups and community meetups. In July of 2019, the company added hand crafted ice cream desserts to the product profile and eventually pivoted production emphasis to frozen desserts. The ice cream line started with the crowd favorite "Snuggly bear" and eventually added 7 more signature flavors eventually increasing in popularity which inevitably led to HB Baking opening their first retail brick and mortar location in Jolene's Market Beretania on May 5, 2021. The product line continued to evolve adding custom ice creams cakes, signature baked goods, and the crowd-pleasing fresh pretzel program. By the end of May, a new line of hand-crafted ice cream cups will be debuting in Jolene's Ewa beach and will also be showcased through the ice cream truck. In addition to retail sales through Jolene's market; wholesale, catering and consulting services are also available.

Current staffing levels include 1 Chef/Owner and 1 full time associate and 2 casual hires. Business hours are Wednesday – Sunday 11 AM to 8 PM and product is also available on Doordash and Ubereats. Ice cream truck operations will start by May and will be at various pop up venues throughout Oahu and will also be available for catering/events.

"HB Baking thrives on delighting our customers with ethereal desserts and heartfelt service creating memorable experiences for our guests."

HB Baking would like to establish itself as the leader in frozen desserts in Hawaii expanding from retail to wholesale markets. The addition of the "Cutie Pies" line will transform the current operation and is projected to foster the transition to wholesale arenas. The addition of the ice cream truck brings the brand to untapped markets on Oahu and increases brand presence in the market. Further focus on wholesale expansion will include convenience stores, grocery, and selected partnerships.

# HEATHER C. BRYAN

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1468 Ala Hekili Place, Honolulu, Hi, 96819 • 808-499-8261 • hbhaking@gmail.com

## Experience

### Chef/Owner

HB Baking Inc., Honolulu, Hi

March 2019 to Current

- Created start up food company, grew to 1 retail outlet and 1 ice cream truck remaining profitable since inception
- Responsible for menu development, sanitation standards, staff training and marketing.
- Highly capable of providing retail, wholesale, catering, and consulting services related to desserts

### Assistant Pastry Cook

The Kahala Hotel, Honolulu, Hi

September 2017 to September 2020

- Production of Banquet, Buffet, Amenities, and Ala cart items for Pastry operation.
- Preparing a wide variety of goods such as cakes, cookies, pies, etc. following traditional and modern recipes.
- Creating new and exciting desserts to revamp menus to engage the interest of customers.

### Pastry Chef

Top of Waikiki/Sky Waikiki, Waikiki, Hi

May 2014 to September 2017

- Created pastry programs for both Top of Waikiki and Sky Waikiki.
- Responsible for creation, production, inventory, and quality assurance of dessert menu for both venues.
- Tasked with supervising 2 employees, ordering supplies, creating budgets and adhering to sanitation regulations.

### Pastry Sous Chef

Vintage Cave, Honolulu, Hi

September 2012 to March 2014

- Assisted Executive Pastry Chef with creation, planning, and execution of pastry menu.
- Lead production in canele, macarons, reverse spheres and mignardise.
- Practice sanitation and safety daily to ensure the total customer satisfaction.

### Pastry Cook

Nobu Waikiki, Honolulu, HI

March 2009 to September 2012

- Produced and maintained desserts in high volume kitchen ensuring quality and standards set by Pastry Chef.
- Prepared ice creams, sorbets, shaved ice, custom cakes and petit fours for daily service.
- Responsible for training of new employees.

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## Education

Radford High School, Honolulu, HI

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## Skills

Proficient in using, Industrial mixers, Pacojet, Shaved ice machine, Dehydrator, Anti griddle, Rationale combi oven, Dough sheeter  
Mastered HotSchedules and Avero

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## Awards

Best dishes of 2015, Honolulu Magazine  
The Kahala Hotel Associate of the Quarter, Q3 2018

# DAVID N. LUKELA

1468 Ala Hekili Place, Honolulu, Hi, 96819 • 808-778-1228 • davidlukela@gmail.com

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## Experience

### Lecturer

Kapiolani Community College, Honolulu, Hi  
August 2020 to Present

- Development and execution of cooking classes and demonstrations designed around Continental cuisine
- Lead in the academic assessment of student learning in alignment with accreditation and institutional standards
- Updated curriculum to meet current industry trends and created/implemented "To go" concept for school restaurant.

### Executive Chef

Alohilani Resort, Waikiki Beach  
July 2018 to November 2020

- Oversee all facets of the Culinary and Stewarding operations for hotel with a total staff of 70 associates servicing 3 outlets, Banquets and Catering, and Employee dining.
- Designed and refined Hawaii Regional Cuisine inspired menus for 3 F&B outlet, Banquets and Catering, employee cafeteria and high-end guest lounge to generate intrigue and profit with new ownership transition.
- Increased departmental profitability by 13%, while reducing food cost by 18% and Labor Cost by 15%. YOY for department generating \$7.5 million in revenue in 2019.

### Chef de cuisine

The beachhouse at the Moana, Honolulu, Hi  
June 2014 to July 2018

- Managed all daily kitchen operations for lunch, In room dining, wine lounge, and dinner service servicing 500 pax daily generating a \$15 million yearly.
- Developed and designed menu, systems, and procedures for lunch, In room dining, wine lounge, and dinner service.
- Train and oversaw kitchen of 20 cooks on all aspects of operation including recipes, procedures, and sanitation.

### Executive Sous Chef

Vintage Cave, Honolulu, Hi  
March 2012 to June 2014

- Managed daily operations of restaurant with a staff of 10.
  - Procuring product and assist Chef with planning and implementation of menu.
  - Train and oversee kitchen force on recipes procedures, preparations and cleaning duties.
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## Education

Associates of Arts, Culinary Arts, with Honors  
Kapiolani Community College, Honolulu, HI, May 2011  
Course Work: Sanitation and Safety, Fundamentals of Cookery, Intermediate Cookery, Cost Control, and Hospitality Management

Bachelor of Arts, Biochemistry; Minor in Economics  
Occidental College, Los Angeles, CA, May 2003

Kamehameha Secondary Schools, with Honors Honolulu, HI

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## Skills

ServSafe Manager Certification, ANSI Food handlers Certification, proficient in Microsoft Office

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## Awards

Po'okela Award, Manager of the Quarter, 3<sup>rd</sup> Quarter, 2017  
Moana Surf rider, Manager of the Year 2017  
Pacific Business News, 40 under 40 Class of 2018  
Hawaii Food and Wine Festival 2019 and 2020, featured Chef  
Alohilani Resort Waikiki Beach Manager of the Year 2020  
Hawaii Lodging and Tourism Association Chef of the year 2020, nominee

**Recommendation/Approval of an additional \$30,000 in grants for  
TA for Grant Writing Program** for nonprofits to retain qualified  
technical assistance grant-writing individuals to apply for federal or  
private foundation economic development grants



## CBED Grants for TA for Federal Grant-Writing Assistance

Organization	CBED Grant Amount Committed	CBED amount paid to date	Remaining to be Paid	Private or Federal Grant Amount
Pacific International Center for High Technology Research (PICHTR)	\$5,000.00	\$5,000.00	\$0.00	Hawaiian Electric \$10,000.00 <b>Grant Total: \$10,000.00</b>
Kukulu Kumuhana O Anahola (KKOA)	\$5,000.00	\$5,000.00	\$0.00	ANA - NOT FUNDED. WHOLE KIDS Foundation :\$3,000.00 Clifbar Family Foundation:\$5,000.00 Consuelo Foundation: \$30,000.00 Charity Walk: \$1,400.00 Chan Zuckerberg Kauai Community Foundation: \$5,000.00 (2021)/\$25,000.00 (2022) Kamehameha Schools:\$15,000.00 <b>Grant Total: \$84,400.00</b>
Hawaii Institutes of Pacific Agriculture (HIP)	\$5,000.00	\$2,500.00	\$0.00	<b>Contract expired - Pending</b>
Kealakai Center for Pacific Strings	\$5,000.00	\$0.00	\$0.00	<b>Contract expired</b>
The Friends Of Iolani Palace	\$5,000.00	\$5,000.00	\$0.00	SFCA-State Foundation on Culture and the Arts \$15,000.00 Bank of Hawaii \$10,000.00 National Endowment for the Humanities \$199,650.00 <b>Grant Total: \$224,650.00</b>
Ka Ohana O Kalaupapa	\$5,000.00	\$5,000.00	\$0.00	Turned Down
Maui Economic Development Board, Inc.	\$5,000.00	\$0.00	\$0.00	<b>Contract expired</b>
Waianae Economic Development Council	\$5,000.00	\$5,000.00	\$0.00	Department of Health and Human Services Administration for Children and Families Award \$1,118,550.00 <b>Grant Total: \$1,118,550.00</b>
Kumano I Ke Ala O Makaweli	\$5,000.00	\$0.00	\$0.00	<b>Contract expired</b>
Maui Food Technology Center	\$5,000.00	\$5,000.00	\$0.00	USDA Agricultural Marketing Service - Denied
Friends of Waimanalo	\$5,000.00	\$0.00	\$5,000.00	Current
Whitmore Economic Development Group (WEDG)	\$5,000.00	\$2,500.00	\$2,500.00	Current
Waianae Economic Development Council 2022	\$5,000.00	\$0.00	\$5,000.00	<b>New</b>
The Friends Of Iolani Palace 2022	\$5,000.00	\$0.00	\$5,000.00	<b>New</b>
Common Ground Collective 2022	\$5,000.00	\$0.00	\$5,000.00	<b>New</b>
<b>Total:</b>	<b>\$75,000.00</b>	<b>\$35,000.00</b>	<b>\$22,500.00</b>	<b>Total: \$1,437,600.00</b>



**Post-event report on technical assistance of \$5,000 for booth space and trade show training to support West Oahu companies to be first-time exhibitors in Made in Hawaii Festival in collaboration with INPEACE (Institute for Native Pacific Education and Culture)**

# Made in Hawaii Festival

**2021** In collaboration with State of Hawaii Department of Business, Economic Development & Tourism (DBEDT) & Innovate Hawaii

## Meet the Makers



Leimomi & Wallace Akau

### Akau Boards

A locally owned business that creates beautiful wood based products from locally salvaged trees which include their famous custom cutting boards, kōnane boards and papa ku'i 'ai.

@akauboard



“MIHF gave us at Akau Boards, LLC the opportunity to meet new faces and gain Wholesale accounts. Our experience was amazing not only we got to connect with customers, wholesale vendors, but also the businesses around us who was there as a part of MIHF. Mahalo nui for believing in us and watching us grow.  
-Wallace Akau and Leimomi Akau Owners of Akau Boards, LLC



Debra Werner

### Leilani Heritage

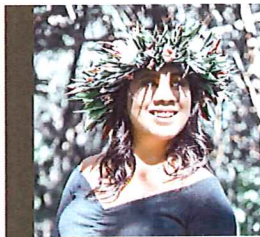
Handcrafted koa jewelry created to perpetuate the legacy of Debra's mother.

@leilaniheritage\_



“As a small business owner, I am a firm believer in being optimistic about what my team and I can make out of each opportunity we come across; and we are just so blessed to have been able to seize this one. The MIHF has greatly changed the future of our business, all while giving us an unforgettable experience, we'll cherish for a lifetime!  
-Debra Werner, Leilani Heritage

**\$50,804.79**  
Total Sales



Kea Peters

### Kākou Collective

Kākou Collective celebrate the rich culture and beauty of Hawai'i with original designs and goods for your home, desk and beyond.

@kakoucollective



“It is incredible to have a dependable annual event where everyone shares the same values and vision for Hawai'i to support and connect with each other. This event proved to be the ultimate experience, giving our community not only the opportunity to shop and support local businesses, but to reconnect with family and friends, and to make new and long-lasting relationships.”  
- Kea Peters, Owner + Illustrator of Kākou Collective



Kea Peters

### Leira Organics

LEIRA Organics' mission is to provide sustainable skincare to improve the skin while enhancing holistic health through organic ingredients, lā'au lapa'au, and modern skincare technologies.

@leiraorganics



“MIHF assisted in connecting up to a wide variety of people that saw value and passion in our products. We connected us with wholesale buyers that can turn into business relationships in the future!  
- Ariel Ani-Angway, LEIRA Organics

#### Requested support for continued growth:

1. Support with how to expand to a warehouse
2. Connection to international clients to wholesale beyond the US
3. Expansion to participate in events off island (Expenses- event fees, travel, etc)



# MADE IN HAWAII FESTIVAL 2021

In 2020, many dreams were shattered due to COVID-19 which impacted local small businesses across the state. Some businesses shut down while others struggled to navigate new norms, forcing different ways to innovate, and pivot in order to keep businesses afloat. COVID restrictions and state mandates limited social gatherings and scuttled almost all in-person events over the past year.

In 2021, in collaboration with the Hawai'i Department of Business, Economic Development and Tourism (DBEDT) and Innovate Hawai'i, Ho'oulu Waiwai supported 4 Native Hawaiian business owners to participate in the Made in Hawai'i Festival (MIHF), from November 11 - 14. Akau Boards, Leilani Heritage, LEIRA Organics, and Kākou Collective received a variety of support that not only helped them get accepted into MIHF, but have an amazing experience participating for their first times in the premier made-in-Hawai'i event.

In addition to the offset of event fees, the following support was provided to these four businesses over 2 months leading up to MIHF:

- Weekly peer networking check-ins during October and the first week of November to help businesses prepare to market their product.
- Monthly one on one coaching with an expert mentor, including a space to co-create a personalized action plan for each business consisting of goal setting and steps to achieve

The MIHF team implemented a variety of safety measures that provided a safe space for businesses to expand their visibility and connect with customers who have supported and done purchases online over the past 18 months. Collectively the businesses generated over \$50,000 in sales over the span of this amazing 4-day event.

“INPEACE helped us gain knowledge in running a business, helping us with events and connection with our community. Without them, we don't know where we would be.”

- Akau Boards



**Review of the role of the CBED Advisory Council in making  
recommendations to the DBEDT Director on CBED loans, grants and  
technical assistance**



[CHAPTER 210D]

COMMUNITY-BASED DEVELOPMENT

Section

210D-1 Findings and purpose

210D-2 Definitions

210D-3 Hawaii community-based economic development technical and financial assistance program

210D-4 Hawaii community-based economic development revolving fund; established

210D-5 Community-based economic development advisory council; established

210D-6 Compensation and expenses of members

210D-7 Authority of council

210D-8 Powers and duties

210D-9 Loans; limitation and terms

210D-10 Terms of loans

210D-11 Grants; conditions and qualifications

210D-12 Priorities and preferences

210D-13 Exemption from chapters 42F and 103D

210D-14 Annual report

[...]

§210D-5 Community-based economic development advisory council; established. There is established the community-based economic development advisory council, which shall consist of ten members. The director of business, economic development, and tourism, the chairperson of the board of agriculture, and the chairperson of the office of Hawaiian affairs, or their respective designees, shall be ex officio[,] voting members of the council. The remaining seven members shall be appointed by the governor in accordance with section 26-34. Each county shall be represented by at least one member who is a resident of that county, and at least one member of the council shall be a representative of the financial community. The council shall be placed for administrative purposes in the department of business, economic development, and tourism. [L 1990, c 111, pt of §2; am L 1996, c 192, §6; am L 2017, c 47, §2]

[...]

§210D-7 Authority of council. The council shall review all requests for financial assistance to assess whether the proposed community-based economic development activity or enterprise is likely to achieve the purposes of this chapter. The council shall make recommendations to the department regarding the appropriateness of the proposed activity or enterprise, and the department shall then have final authority to approve or disapprove the application for financial assistance. [L 1990, c 111, pt of §2; am L 1996, c 192, §7]

**[CHAPTER 210D]**  
**COMMUNITY-BASED DEVELOPMENT**

Section

210D-1 Findings and purpose

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and financial assistance program

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210D-8 Powers and duties

210D-9 Loans; limitation and terms

210D-10 Terms of loans

210D-11 Grants; conditions and qualifications

210D-12 Priorities and preferences

210D-13 Exemption from chapters 42F and 103D

210D-14 Annual report

**§210D-1 Findings and purpose.** The legislature finds that:

(1) It is in the best interest of the State to bring about a diversification of opportunities in all aspects of life for the residents and communities of the State;

(2) Community-based enterprises play an important part in providing a diversification of opportunities for Hawaii's residents and communities;

(3) Community-based enterprises are characterized by their interests not only in profits but in community empowerment, that is, building the community to enable it to be more self-reliant, which encourages diversification of opportunities for Hawaii's residents and communities;

(4) Community-based enterprises have the potential to increase self-determination, provide employment opportunities, strengthen community identity, retain and create community cultural anchors, and reinforce community social, cultural, economic, and spiritual values, and are thus of crucial importance in securing the diversification of opportunities;

(5) Programs to develop community-based enterprises have the potential to increase self-reliance and provide employment opportunities to Hawaii's people;

(6) Conventional financial institutions traditionally do not provide loans to establish or expand community-based enterprises;

(7) No present state agency or program has the authority to financially assist community-based enterprises; and

(8) The State should initiate a program to assist community-based enterprises through loans, grants, and technical assistance.

The purpose of this chapter is to establish a program of technical and financial assistance for community-based organizations to assist the establishment and development of community-based enterprises in the State. [L 1990, c 111, pt of §2; am L 1996, c 192, §2]

**§210D-2 Definitions.** As used in this chapter:

"Community-based economic development" means a community institution-building process that results in community-based enterprises and other economic development activities which are designed and implemented by a community; consistent with a community's values, culture, and vision; and intended to increase community control over local resources and decision-making processes.

"Community-based organization" means a nonprofit corporation incorporated in the State of Hawaii that is organized and controlled by either a geographic community, a community of identity, or a community of interest and that is directly involved in community-based economic development activities.

"Community of identity" means a group of people who may not live in the same geographic area but who are bound together through a common ethnicity or other personal characteristic such as age or social status.

"Community of interest" means a group of people who may not live in the same geographic area but who are bound together through a common economic interest such as coffee growers or an aquaculture cooperative.

"Council" means the community-based economic development advisory council.

"Department" means the department of business, economic development, and tourism. [L 1990, c 111, pt of §2; am L 1996, c 192, §3; am L 2009, c 124, §2; am L 2017, c 47, §1]

**§210D-3 Hawaii community-based economic development technical and financial assistance program.** There is established the Hawaii community-based economic development technical and financial assistance program, placed within the department. [L 1990, c 111, pt of §2; am L 1996, c 192, §4]

**§210D-4 Hawaii community-based economic development revolving fund; established.** There is established a revolving fund to be known as the Hawaii community-based economic development revolving fund from which moneys shall be loaned or granted by the



department under this chapter. All moneys appropriated to the fund by the legislature, received as repayments of loans, payments of interest or fees, and all other moneys received by the fund from any other source shall be deposited into the revolving fund and used for the purposes of this chapter. The department may deposit moneys it receives from the repayments of loans and payments of interest or fees from the Hawaii capital loan program established by chapter 210, the Hawaii large fishing vessel purchase, construction, renovation, maintenance, and repair loan program established by part II of chapter 189, and the Hawaii small fishing vessel loan program established by part IV of chapter 189, into the Hawaii community-based economic development revolving fund to be used for the purposes of this chapter. The department may use all appropriations and other moneys in the revolving fund not appropriated for a designated purpose to make grants or loans. [L 1990, c 111, pt of §2; am L 1991, c 255, §2(1); am L 1996, c 192, §5; am L 2009, c 124, §3; am L 2018, c 28, §1]

**§210D-5 Community-based economic development advisory council; established.** There is established the community-based economic development advisory council, which shall consist of ten members. The director of business, economic development, and tourism, the chairperson of the board of agriculture, and the chairperson of the office of Hawaiian affairs, or their respective designees, shall be ex officio[,] voting members of the council. The remaining seven members shall be appointed by the governor in accordance with section 26-34. Each county shall be represented by at least one member who is a resident of that county, and at least one member of the council shall be a representative of the financial community. The council shall be placed for administrative purposes in the department of business, economic development, and tourism. [L 1990, c 111, pt of §2; am L 1996, c 192, §6; am L 2017, c 47, §2]

**§210D-6 Compensation and expenses of members.** All members shall serve without compensation, but may be reimbursed for any actual and necessary expenses, including travel expenses, incurred in carrying out their official duties. [L 1990, c 111, pt of §2; am L 2009, c 124, §4]

**§210D-7 Authority of council.** The council shall review all requests for financial assistance to assess whether the proposed community-based economic development activity or enterprise is likely to achieve the purposes of this chapter. The council shall make recommendations to the department regarding the appropriateness of the proposed activity or enterprise, and the department shall then have final authority to approve or disapprove the application for financial assistance. [L 1990, c 111, pt of §2; am L 1996, c 192, §7]

**§210D-8 Powers and duties.** The department shall have the necessary powers to carry out the purposes of this chapter, including the following:



(1) With advice from the council, prescribe the qualifications for eligibility of applicants for loans and grants;

(2) With advice from the council, establish preferences and priorities in determining eligibility for financial assistance;

(3) Establish the conditions, consistent with the purpose of this chapter, for the awarding of financial assistance;

(4) Provide for inspection at reasonable hours of facilities, books, and records of a community-based organization that has applied for or has been awarded financial assistance and require the submission of progress and final reports;

(5) Provide loans and grants for community-based economic development activities and community-based enterprises for purposes consistent with this chapter;

(6) Determine the necessity for and the extent of security required in a loan;

(7) Prescribe and provide appropriate management counseling and monitoring of business activities;

(8) Administer the Hawaii community-based economic development revolving fund;

(9) Include in its budget for subsequent fiscal periods amounts necessary to effectuate the purposes of this chapter;

(10) Participate in loans made to qualified persons by private lenders;

(11) Establish interest rates chargeable by the State for direct and participation loans; and

(12) Adopt rules pursuant to chapter 91 to implement this chapter. [L 1990, c 111, pt of §2; am L 1996, c 192, §8; am L 2009, c 124, §5]

**§210D-9 Loans; limitation and terms.** Loans made under this chapter shall be for the purposes and in accordance with the terms specified in paragraphs (1) and (2) and shall be made only to applicants who meet the eligibility requirements specified therein.

(1) Community-based enterprise establishment and improvement loans may be made to provide for:

(A) The start-up costs, purchase or improvement of a community-based enterprise or working capital; and

(B) The purchase, construction, or improvement of facilities; and

(2) Operating loans may be made to carry on and improve an existing enterprise, including:

(A) The purchase of equipment; and

(B) The payment of production and marketing expenses including materials, labor, and services.

The loans shall be for an amount not to exceed \$250,000 and for a term not to exceed ten years. [L 1990, c 111, pt of §2; am L 1996, c 192, §9; am L 2009, c 124, §6]

**§210D-10 Terms of loans.** Loans shall be made to qualified applicants with the following terms and conditions:

(1) The amount of the outstanding balance on all loans issued under this chapter to any one applicant at any one time shall not exceed \$250,000;

(2) The maximum term of a loan shall not exceed ten years;

(3) Each loan shall bear simple interest at a rate of not less than three and not more than six per cent a year, depending on the nature of the loan; and

(4) The commencement date for the repayment of the first installment on principal and interest of each loan may be deferred by the director of business, economic development, and tourism for a period not to exceed two years. [L 1990, c 111, pt of §2; am L 1996, c 192, §10; am L 2009, c 124, §7]

**§210D-11 Grants; conditions and qualifications.** (a) Grants shall be made for amounts not to exceed \$100,000 for each applicant. Applications for grants shall be made to the department and contain such information as the department shall require by rules adopted pursuant to chapter 91. At a minimum, the applicant must show that:

(1) The grant shall be used exclusively for community-based economic development activities, a community-based business or enterprise, or the provision of technical assistance to community-based organizations, consistent with the purposes of this chapter;

(2) The community-based business or enterprise shall have applied for or received all applicable licenses and permits;

(3) The applicant shall comply with all applicable federal and state laws prohibiting discrimination against any person on the basis of race, color, national origin, religion, creed, sex,

age, sexual orientation, disability, or any other characteristic protected under applicable federal or state law;

(4) The grant shall not be used for purposes of entertainment or perquisites;

(5) The applicant shall comply with other requirements as the department may prescribe;

(6) All activities and improvements undertaken with funds received shall comply with all applicable federal, state, and county statutes and ordinances, including applicable building codes and agency rules;

(7) The applicant shall indemnify and save harmless the State of Hawaii and its officers, agents, and employees from and against any and all claims arising out of or resulting from activities carried out or projects undertaken with funds provided hereunder, and procure sufficient insurance to provide this indemnification if requested to do so by the department; and

(8) The facilities shall not be used and are not intended to be used for sectarian instruction or as a place of worship.

(b) To receive a grant under this section for community-based economic development activities, a community-based enterprise or business, or the provision of technical assistance to community-based organizations, an applicant shall:

(1) Be either:

(A) A profit subsidiary of a nonprofit community-based organization incorporated under the laws of the State;

(B) A nonprofit community-based organization determined to be exempt from federal income taxation by the Internal Revenue Service;

(C) A cooperative association; or

(D) An organization providing technical assistance to community-based organizations;

(2) In the case of a nonprofit organization, have a governing board whose members have no material conflict of interest and serve without compensation, have bylaws or policies that describe the manner in which business is conducted and policies relating to nepotism and management of potential conflict of interest situations, and employ or contract with no two or more members of a family or kin of the first or second degree unless specifically permitted by the department;

(3) Agree to make available to the department all records the applicant may have relating to the grant, to allow state agencies to monitor the applicant's compliance with the purpose of this chapter; and

(4) Establish, to the satisfaction of the department, that sufficient funds are available for the effective operation of the activity, business, enterprise, or technical assistance for the purpose for which the grant is awarded. [L 1990, c 111, pt of §2; am L 1991, c 255, §2(2); am L 1996, c 192, §11; am L 2009, c 124, §8; am L 2017, c 47, §3]

**§210D-12 Priorities and preferences.** In selecting applicants for funding, the department shall make every effort to ensure that community-based economic development activities and community-based enterprises are distributed throughout the State. [L 1990, c 111, pt of §2; am L 1996, c 192, §12]

**§210D-13 Exemption from chapters 42F and 103D.** The provisions of chapters 42F and 103D shall not apply to the grants made pursuant to this chapter, but all grants made under this chapter shall be made only in accordance with the standards and conditions specified in section 210D-11. [L 1990, c 111, pt of §2; am L 1991, c 335, §4; am L 1997, c 190, §6; am L 2012, c 240, §2]

**[§210D-14] Annual report.** The department shall submit a report of the actions taken under this chapter which shall be included in the annual report pursuant to section 201-10. [L 1990, c 111, pt of §2]