

DRAFT

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM (DBEDT)

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

TUESDAY, May 21, 2024, AT 10:00 A.M.

HCDA Building, First Floor

547 Queen Street, Honolulu, Hawaii 96821

AND VIA VIRTUAL APPLICATION ZOOM: VIDEO/AUDIO CONFERENCE

Advisory Members Present were:

Nancy Elvira Lo (Chair)	-	Advisory Council Member (Oahu)
Karen Barr	-	Advisory Council Member (Oahu)
Jane Horike	-	Advisory Council Member (Hawaii/Hilo)
Aikū'ē Kalima	-	Office of Hawaiian Affairs (Ex-Officio)
Colleen McAluney	-	Advisory Council Member (Oahu)
Roberta Melton	-	Advisory Council Member (Kauai)
Teena Rasmussen	-	Advisory Council Member (Maui)
Mark Ritchie For	-	Department of Business, Economic
Dennis Ling (Ex-Officio)	-	Development & Tourism (DBEDT)

Guests:

Eric Bowman	-	Feed the Hunger Fund (FTHF)
Patricia Chang	-	Feed the Hunger Fund (FTHF)
Aaron Ellis	-	Feed the Hunger Fund
Lei Riedel	-	Pakini Loan Fund
Jennifer Wilkinson	-	Hawaii/Kona (<i>Terms begins July 1, 2024</i>)

Staff:

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

Apologies:

Kaleokalani Kuroda	-	Advisory Council Member (Oahu)
Matthew Loke	-	Department of Agriculture (Ex-Officio)

CALL TO ORDER:

Mr. Ritchie called the meeting to order on Tuesday, May 21, 2024, at 10:00 a.m.
All members and guests participated via ZOOM.

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

Mr Ritchie welcomed all present. He then announced that he's officially DBEDT's *ex-officio* in place of Mr Dennis Ling.

A roll call vote was conducted, and all members indicated that they were alone at their respective locations.

Mr Ritchie advised that Mr Casey Brown, *ex-officio* for the Office of Hawaiian Affairs (OHA) has moved on from the Council and has asked that he (Ritchie) express his appreciation and thanks to DBEDT/CBED staff and the Council members for allowing him the opportunity to serve as a member. He also said that he enjoyed working with the team.

Mr Ritchie advised that Mr Brown will be replaced by Mr Aikū'ē Kalima of OHA. Mr Ritchie welcomed Mr Kalima and asked for a brief introduction. Mr Kalima stated that he has been with OHA for nearly 5-years as the loan manager for the Native Hawaiian Revolving Loan Fund which has been in existence for 35-years. The Native Hawaiian Revolving Loan Fund program provides loans for new businesses, education, home improvement and consolidation loans, etc. Their loan fund is approximately \$24 million. Mr Kalima also noted that his background is in mortgage, banking and consumer lending and that he has 30 years' experience in the lending industry. He's looking forward to making his contribution to the Council in any way that he can.

Mr Ritchie thanked Mr Kalima for agreeing to serve on the Council and advised that as the OHA *ex-officio*, he is automatically a voting member of council.

Mr Ritchie also advised that Mr Kaleokalani Kuroda has moved on from the Council as well and has sent his regards. He says he really enjoyed working with everybody over the years. His replacement as of July 1, 2024, will be Ms Jennifer Wilkinson from Hawaii Island. Mr Ritchie welcome Ms Wilkinson to the Council and then requested brief background information. Ms Wilkinson stated that she is a resident of the Big Island and she's living in Kona. She graduated from law school in 2007 and then worked for a couple years in bankruptcy. She then worked in finance for the last 15 years. In her last 3 years, she was the chief lending officer of a \$4 billion in assets credit union in the Bay Area. She's a huge proponent of small business as it can be revitalizing to a community. She's looking forward to working with the Council and helping small businesses succeed. Mr Ritchie welcomed & thanked Ms Wilkinson for agreeing to serve as CBED council member.

Mr Ritchie also introduced Ms Patricia Chang, Executive Director of Feed the Hunger Fund (FTHF), Ms Lei Riedel, Director of Pakini Loan Fund, Mr Eric Bowman of FTHF and Mr Aaron Ellis of FTHF, Ms Elise Amemiya, Deputy Attorney General, and DBEDT staff.

OLD BUSINESS:

Approval of Minutes of February 20, 2024

Minutes of the February 20, 2024, meeting were distributed and reviewed by Council Mr Ritchie asked if there were any comments and/or corrections to the Minutes There were none and he asked for a motion to approve the Minutes

Motion was made by Chair Lo and seconded by Ms Melton to approve the Minutes of February 20, 2024 meeting, as presented

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

Motion to adopt the February 20, 2024, Minutes was approved unanimously

Public Testimony:

There was no public testimony

NEW BUSINESS:

1) Review of Loan Dashboard and CBED Finances:

The Council reviewed the CBED Financials through the end of Q1 2024 An amount of \$226,495 93 was in the EDA account when the report was done in mid-May The amount includes interest and principal, minus the admin servicing fees Mr Ritchie said since the drawdown is completed, there is now only \$226,495 93 available for loans

Mr Ritchie stated that the EDA revolving loan fund grant was \$1,250,000 (which includes the \$250,000 state match) The total capital deployed so far is \$1,285,000 in loans The principal that has been paid to date is \$218,552 68 and the principal balance still to be paid is \$1,066,447 32

2) Co-lending Partnerships & Loan Servicing Agreements:

Council reviewed the information on the DBEDT/CBED EDA co-lending partners and servicing agreement from 2021 thru 2024 There were three (3) servicing partners (HCRC, FTHF, WEDC) and 16 borrowers that received loans ranging from \$25,000 to \$175,000 The interest rates ranged from 3% - 6%

Ms Rasmussen asked if there were any delinquent borrowers Mr Ritchie replied that there were no delinquent borrowers on the list, but two (2) loan modifications were done

Loan Metrics – There were 156 pre-loan jobs. A total of 48 jobs were created, 18 jobs were saved in various industries including wholesale/construction, manufacturing/agriculture, healthcare, etc. All except two (2) companies were in Enterprise Zones. There were eight (8) woman-owned businesses, four (4) Native Hawaiian-owned businesses and one (1) Veteran-owned business.

3) Presentation from Ms. Chang, CEO of Feed the Hunger Fund:

At this point, Mr. Ritchie invited Ms. Chang of Feed the Hunger Fund (FTHF) to make her presentation. Ms. Chang reported that FTHF began 14 years ago with \$1 million funding from the EDA as their first revolving loan fund. Currently, FTHF has three (3) EDA funds.

Ms. Chang stated that FTHF focuses on small businesses and provides them access to capital, technical assistance and networking. They also focus on people of color, low-income, women, Native Hawaiians and immigrants. FTHF is geographically located in Hawaii on six (6) of the islands, as well as in California in predominately in the Bay Area.

Ms. Chang reported that since the start of 2023, to date, FTHF has made 82 loans for \$5,123,041 with 54 of those loans (\$4,012,182) made to businesses in Hawaii. Another five (5) Hawaii loans will be added by the end of May 2024 in the amount of \$905,000.

Ms. Chang stated that FTHF is doing a lot of technical assistance and has conducted over 850 instances of technical assistance and business development services since the start of 2023. Their borrowers are adding and retaining jobs. FTHF's overall portfolio balance will be close to \$8 million within a week from this meeting. In closing, Ms. Chang advised that 82% of their borrowers are low income, 73% of their loans are to people of color, 62% are made to female-owned business and 27% of their loans are made to Native Hawaiian-owned businesses.

Ms. Chang expressed that FTHF is very happy to have DBEDT as its partner since 2021. Ms. Chang then called upon Mr. Ellis to share a brief history of Farm Link. Mr. Ellis reported that Farm Link, a local food system that received a loan of \$50,000 from FTHF and \$50,000 from CBED in a co-lending deal. They went on to secure a \$1 million in funding by working directly with Kamehameha Schools. Currently, they are looking to expand their footprint in Kalihi. Mr. Ellis noted that Farm Link's goal is to provide local produce to local communities and to support our food system in Hawaii.

Ms. Chang stated that FTHF gave out nine (9) \$1000 grants on 5/21/24 to some small businesses on Maui. FTHF appreciates DBEDT not just for the match money, but also for the leverage that it allows them. And as a CDFI in the islands, it allows them to grow which will only enhance the small business environment – we are all working towards similar goals.

Mr Ritchie thanked Ms Chang and Mr Ellis for their presentation

5) **Discussion & Recommendation on Pursuing Additional Funds from EDA for CBED Loans:**

Mr Ritchie then called upon Ms Riedel of the Pakini Fund for her presentation Ms Riedel reported that the Pakini Loan Fund was created in March 2023 as an Emerging Native Community Development Financial Institution (NA-CDFI) It is also a nonprofit organization, 501(C)3, a subsidiary of the Waianae Economic Development Council (WEDC) and community-based lending institution Ms Riedel explained that NA-CDFI was created by the U S Treasury's CDFI fund and community development financial institute

Ms Riedel stated that the Pakini Loan Fund specifically supports Native Hawaiian-owned small businesses in the Waianae Moku area as well as other small businesses in the State, but they try to concentrate on Native Hawaiian-owned businesses because they are more inclined to be denied funding due to their business practices or credit score She stated that about 95% of the loans they provide are for small businesses They support credit builders, debt consolidation and personal loans Also, they provide technical assistance which includes loan application support, loan modification, and business financial options and resources

Ms Riedel reported that Pakini Loan Fund loans are from \$1,000 up to \$50,000 with a term of 4-60 months Currently, their interest rate is based on underwriting from 9.75% - 11.75% with a fixed term for the duration of the loan A 5% loan origination fee and an ACH debit is required They also allow up to two (2) modifications per loan

Ms Riedel explained that Pakini Loan Fund also provides training both in person and virtually which includes personal finance education and business education cohorts They also assist individuals with GET licenses, EIN, DCCA registration, branding, marketing, etc

Ms Riedel reported that Pakini Loan Fund was very fortunate to get a grant from DBEDT/CBED totaling \$50,000, the first tranch of which is \$30,000 Currently they are underwriting for loans to three (3) clients that they earmarked the CBED grant for, and they are projected to fund them by the end of May 2024 Current Statistics 67% of their loans have gone to Native Hawaiian-owned firms, 58% have gone to women-owned businesses and 58% have been for Waianae-based businesses

During a brief discussion, Mr Ritchie said DBEDT/CBED made the Pakini grant to help capitalize Pakini's micro-loan fund since DBEDT/CBED doesn't have a microloan fund itself, so this helps us by creating more options for younger,

smaller businesses. Also, the Pakini Loan Fund is an emerging CDFI and part of the DBEDT/CBED mission is to support CDFIs in Hawaii.

Mr. Ritchie thanked Ms. Riedel for her presentation and indicated that it's a pleasure working with her and that he's delighted to see the Pakini Loan Fund grow and be successful.

6) **Discussion & Recommendation on any Changes in Mission for possible Second Fund:**

Mr. Ritchie requested feedback from the council members about seeking new funding for DBEDT/CBED since there is only about \$250,000 left in the fund to lend.. Ms. Rasmussen suggested that DBEDT/CBED should go after EDA for funding. She also shared some of the challenges that Maui small business owners facing since the wildfire last year.

Motion was made that by Ms. Rasmussen and seconded by Ms. Melton that DBEDT/CBED staff should open discussions with EDA about funding and to have some of the funds dedicated Maui small businesses that were obliterated in the wildfire last year.

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

The motion was approved unanimously.

NEXT MEETING:

TBA

ADJOURNMENT:

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

Respectfully submitted,



For Nancy Elvira Lo, Chair



Date