

STATE OF HAWAI‘I

HAWAI‘I COMMUNITY-BASED ECONOMIC DEVELOPMENT
TECHNICAL AND FINANCIAL ASSISTANCE PROGRAM



CY 2024
ANNUAL & FINANCIAL REPORTS
TO THE 33rd LEGISLATURE

As required by Section 201-10, Hawai‘i Revised
Statutes and Section 210D-14, Hawai‘i Revised Statutes

CBED Program Annual Report 2024

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EXECUTIVE SUMMARY

The Legislature created a Community-Based Economic Development (CBED) Program in 1991 in the Department of Business, Economic Development and Tourism (DBEDT) with Act 111, SLH 1991, codified as Chapter 210D, Hawai'i Revised Statutes. As part of the statute, the CBED Advisory Council and the CBED Revolving Fund were also created.

The Council reviews CBED financing requests and makes recommendations on the awarding of loans and grants, subject to the final approval of the DBEDT director. The Council also advises the director on program implementation, and members represent their county in liaison with stakeholders in community-based economic development.

The Hawai'i Community-Based Economic Development Revolving Fund (now called the CBED Special Fund) was established to provide training and capacity-building opportunities and to invest in community economic development projects that result in measurable economic impact. Sources of revenue include repayments of loan principal, loan interest, and interest from the department's participation in the State's investment pool. Sources of expenditures include loans (state funds only), loans (20% state match for EDA loans, see below) grants and technical assistance. As of December 1, 2024, the CBED Special Fund account had a balance of \$243,862.59.

CBED offers small business loans usually from \$50,000 to \$125,000 to eligible small businesses that support economic development in their communities. The CBED program helps small businesses to develop viable, sustainable ventures that serve local needs and are compatible with the vision, character and cultural values of their communities. The CBED loan program supports a broad range of businesses, including agricultural producers, manufacturers and wholesalers.

In FY 2021, the CBED program applied for and was awarded a grant of one million dollars (\$1,000,000) from the U.S. Economic Development Administration (EDA)/U.S.

Department of Commerce for the CBED Revolving Loan Fund (RLF). The one-million-dollar EDA grant was matched by a required CBED commitment of \$250,000. As of December 1, 2024, CBED had 16 active loans supporting small businesses and 208 jobs in economically challenged areas of the state. Also, as March 2024 CBED completed its \$1 million draw-down from EDA (which required a \$250,000 or 20% CBED match). As of December 1, 2024, the CBED-EDA RLF account had a balance of \$324,567.69. Sources of revenue include repayments of loan principal, loan interest, and interest from the department's participation in the State's investment pool. Sources of expenditures include loans and loan servicing fees.

CBED currently has underwriting, co-lending and loan servicing arrangements with the Hawai'i Dept. of Agriculture (HDOA), Feed the Hunger Fund (FTHF), Hawai'i Community Reinvestment Corporation (HCRC) and the Pakini Fund (a subsidiary of Waianae Economic Development Council), an "emerging Community Development Financial Institution (CDFI)."

CBED partners with various organizations to target "hard to reach" sectors of Hawai'i's business community to present information on business resources and educate community-based organizations, such as non-profits, on how to strengthen their economic development capabilities.

CBED MISSION

Through loans, grants and technical assistance the Community-Based Economic Development (CBED) program provides training and capacity building opportunities to promote, support, and invest in community-based development projects that result in measurable economic impact.

CBED ADVISORY COUNCIL

The CBED Program is guided by an Advisory Council comprised of community leaders from around the State.

The CBED Advisory Council reviews all requests for financial assistance (loans and grants) to assess whether the proposed community-based economic development activity or enterprise is likely to achieve the purposes of the CBED program. The Council makes recommendations to DBEDT regarding the appropriateness of the proposed activity or enterprise, and the DBEDT Director then has final authority to approve or disapprove the financial assistance.

CBED Advisory Council Members



COLLEEN MCALUNEY

O‘ahu
Exp: 06/30/2025



TEENA RASMUSSEN

Maui
Exp: 06/30/2027



JANE HORIKE

Hawai‘i
Exp: 06/30/2025



KAREN BARR

O‘ahu
Exp: 06/30/2027



JENNIFER WILKINSON

Hawai'i
Exp: 6/30/2028



NANCY ELVIRA LO

O'ahu
Exp: 06/30/2023
(Holdover)



ROBBIE MELTON

Kaua'i
Exp: 06/30/2026



DENNIS T. LING
*Ex-Officio Representative for Director James
Kunane Tokioka
Department of Business, Economic
Development & Tourism*

**DBEDT
Representative**



JOSEPHINE "PONI" ASKEW
*Ex-Officio Representative for
Chair Carmen Hulu Lindsey
Office of Hawaiian Affairs*

OHA Representative



MATTHEW K. LOKE
*Ex-Officio Representative for Chairperson
Sharon Hurd, Department of Agriculture*

**DOA
Representative**

DBEDT CBED Program Administrators:

Mark Ritchie, Branch Chief, Business Support Branch

Jason Ushijima, Economic Development Specialist, Business Support Branch

Council members bring a myriad of skill sets to the Department and the CBED Program. Skill sets of current CBED Advisory Council Members include, but are not limited to: Strategic Communications, Program Management, Community Outreach, Project Management, Government, Strategic Planning, Public Speaking, Nonprofits, Leadership, Business Strategy/Business Analytics, Financial Modeling, Process Improvement, Finance, Risk Management, Public Policy, Grants, Public Administration, Customer Service, Legislative Relations, and Policy Analysis.

During strategic planning sessions, the Council has voiced its agreement and understanding of the importance of partnerships and emphasized the need to leverage and obtain additional CBED funding and seek loan servicing assistance to address the fact that DBEDT does not have a loan officer to underwrite and service loans made through the CBED program.

CBED LOAN PROGRAM

The Hawai'i CBED Revolving Fund (now called a “Special” Fund) was established to provide training and capacity-building opportunities and invest in community economic development projects that result in measurable economic impact. Sources of revenue include repayments of loan principal, loan interest, “Transfers” of revenue collections from other closed DBEDT loan programs (i.e., Capital Loan Program, Small & Large Fishing Vessel Loan Programs), fees from community conferences and other events sponsored through the CBED Program and interest from the department’s participation in the State’s investment pool. Sources of expenditures include loans (state funds only), loans (20% state match for EDA loans, see CBED-EDA RLF) grants and technical assistance.

CBED Special Fund Account FY 2024	
Beginning balance as of July 1, 2023	\$263,536.50
Revenues for fiscal year	\$174,556.18
Expenditures	(\$179,556.18)
Balance as of June 30, 2024	\$263,036.50

CBED Special Fund Account FY 2025 (5 mo.)	
Beginning balance as of July 1, 2024	\$263,036.50
Revenues for fiscal year	\$1,230.97
Expenditures for fiscal year	(\$20,404.88)
Balance as of December 1, 2024	\$243,862.59

In FY 2021, the CBED Program applied for and was awarded a grant of one million dollars (\$1,000,000) from the U.S. Economic Development Administration (EDA) in the U.S. Department of Commerce. The one-million-dollar grant was matched by a CBED required commitment of \$250,000. Funds from CBED and EDA are committed to making loans to small firms that are ready to expand their businesses, create additional jobs and can exhibit community benefits through their expansion. The fund focuses primarily on manufacturers, wholesalers, agricultural and value-added agricultural companies.

The CBED-EDA Revolving Loan Fund (RLF) is separate from the CBED Special Fund outlined above since the CBED-EDA RLF uses federal funds with a state fund commitment. The fund can only be used for loans, and it is tracked separately for EDA reporting purposes.

CBED-EDA RLF Account FY 2024	
Beginning balance as of July 1, 2023	\$113,061.50
Revenues for fiscal year:	\$421,252.39
Expenditures for fiscal year	(\$299,852.24)
Balance as of June 30, 2024	\$234,461.65

CBED-EDA RLF Account FY 2025 (5 mo.)	
Beginning balance as of July 1, 2024	\$234,461.65
Revenues for fiscal year:	\$100,797.64
Expenditures for fiscal year	(10,691.60)
Balance as of December 1, 2024	\$324,567.69

The additional EDA funding into the State of Hawai'i's Community-Based Economic Development Revolving Loan Fund (CBED-EDA RLF) enables the State to move towards

a more sustainable economy by supporting certain types of business activities as outlined in the Comprehensive Economic Development Strategy (CEDS); in particular, manufacturing; the diversification of agriculture and value-added agricultural production. The EDA funding also allows for increasing jobs in economically challenged areas of the State. CBED-EDA RLF loans can be used for: start-up costs and working capital; construction or improvement of facilities; purchase of equipment; payment of production and marketing expenses, including materials, labor and services.

CURRENT CBED LOANS

CBED Funded Loans

Hawaiian Agricultural Products, LLC (April 2020) received a 10-year CBED \$60,000 loan matched with a \$60,000 loan (total \$120,000) from the State Department of Agriculture’s Loan Division (SALD). CBED Revolving funds were used primarily for the purchase and installation of additional brewing and holding equipment needed to expand production and distribution of shochu made at their distillery in Haleiwa. This is the second CBED loan approved for Hawaiian Agricultural Products. The first was made in November 2011 for a \$25,000 CBED loan, matched by a SALD loan of \$25,000. Funds were used primarily for the purchase and installation of a boiler, the last crucial piece of equipment needed to complete the distillery.



CBED-EDA Funded Loans



Re-Use Hawai'i (October 2021) CBED approved a CBED-EDA Revolving Fund loan of \$50,000 to non-profit Re-Use Hawai'i to be matched with a \$50,000 loan from Hawai'i Community Reinvestment Corporation (HCRC). CBED Revolving funds will be used primarily for the purchase of equipment and transportation needed to expand deconstruction, acquisition and storage, and transportation equipment.

Haleiwa Distilling Company (December 2021) CBED approved a CBED-EDA Revolving Fund loan of \$175,000 to Nathan Sisler, to be matched with a \$175,000 loan from the Feed the Hunger Fund (FTHF). CBED Revolving funds will be used primarily for the purchase and installation of additional brewing and holding equipment needed to expand production and distribution of whiskey, rum, liquors and gin made at his Waialua Sugar Mill distillery.



Maika`i Health Corporation (February 2022) was approved for a CBED-EDA Revolving Fund loan of \$50,000, matched with an additional \$100,000 loan through a participation loan agreement between Hawai`i Community Reinvestment Corporation (HCRC-\$50,000)



and Hawai`i Island CDFI-Lei Hoolaha (LH-\$50,000). The loan will be used to finance the cost associated with the start-up of the Maika`i Health Community Clinic in Hilo which opened on November 15, 2021. CBED-EDA Revolving funds will be used primarily for leasehold improvements and operating capital needed towards expanding services and operations. Funding will allow Maika`i Health Corporation to retain seven (7) full-time jobs and two (2) part-time positions. Expansion of services will add additional positions which will be tracked.

HB Baking, Inc. (April 2022) was approved for a CBED-EDA Revolving Fund loan of \$25,000. CBED-EDA funds were used primarily for the purchase of an ice cream truck to sell at pop-up markets on the Island of Oahu and operating capital needed towards expanding services and operations. The company makes desserts and ice cream. Funding supported the retention of two (2) full-time employees and two (2) part-time employees. Expansion of services will add additional positions which will be tracked. This loan has already been paid in full more than a year early!



Lubrco, LLC (May 2022) was approved for a CBED-EDA Revolving Fund loan of \$125,000. CBED-EDA funds will be used primarily for working capital and operating capital needs towards new product development, scaling production and purchase order fulfillment. Lubrco develops, processes, manufactures and packages disinfectant and cleaning solutions in Hawai`i for product distribution to all islands, the Pacific Rim and North



America. Funding supports the retention of five (5) full-time employees at the company's manufacturing site.

Amro-Asian Trade, Inc. (May 2022) was approved for a CBED-EDA Revolving Fund loan of \$100,000. The company operates in the General Merchandise, Non-durable business/industry within the Wholesale Trade-Non-durable Goods sector. CBED-EDA funds will be used only for the purchase of inventory. Amro-Asian Trade, Inc., offers innovative, high-speed denominating counters. Currency Discriminators and Sorters are manufactured in Japan and South Korea. Funding supports the retention of four (4) full-time employees.



Farm Link Hawai'i, Inc. (June 2022) was approved for a CBED-EDA Revolving Fund loan of \$100,000, matched with an additional \$100,000 loan through a participation loan agreement with Feed the Hunger Fund (FTHF). CBED-EDA funds will primarily be used for working capital.

Farm Link Hawai'i connects local growers and buyers via its innovative online marketplace and supply-chain infrastructure. Farm Link Hawai'i connects household and commercial buyers to local farmers for delivery or pickup. The company's mission is to build a thriving, equitable food system in Hawai'i by empowering local farmers and improving access to local foods. The company currently employs twenty-two (22) people. In 2021, Farm Link Hawai'i purchased over \$1 million of local produce and products from over two hundred (200) local farmers and ranchers and sold to over two thousand (2,000) unique buyers.

Pomai Kulolo (June 2022) was approved for a CBED-EDA Revolving Fund loan of \$105,000, matched with an additional \$395,000 through participation loans among Feed the Hunger Fund (FTHF \$150,000); Lei Ho'olaha (\$100,000); and the Hawai'i State Department of Agriculture (SALD \$145,000). The company is native Hawaiian-owned and makes



Hawaiian food and desserts. CBED-EDA funds will primarily be used for upgrading current facilities, expanding operations, and securing a supply chain for future growth. Pomai Kulolo currently has twenty-five (25) employees and will create four (4) additional positions.

Holoholo Tree Service, LLC (October 2022) was approved for a CBED-EDA Revolving Fund loan of \$45,000. Holoholo Tree Service is a commercial and residential tree specialty company that provides services in tree removal and thinning,



hazardous removal, mulching, powerline trimming, and land cleaning. The company is based in Maili, on the Waianae Coast, which is designated as one of Oahu’s Enterprise Zones, currently employs two (2) full-time employees, is a locally owned Native Hawaiian “woman owned” business less than two years old and is being fast tracked to enter into the Federal 8(a) Program. CBED’s loan will be used to purchase a new 2022 Bandit 250 XP 12” Disc Chipper. Acquiring this equipment will help to secure the hiring of an additional two (2) full-time employees and two (2) additional part-time employees.



Kauai Kim Chee, LLC (November 2022) was approved for a CBED-EDA revolving fund loan for \$100,000, with a co-funding match of \$30,000 from the Waianae Economic Development Council’s (WEDC) Micro-Loan Fund for a total of \$130,000. Kauai Kim Chee manufactures value-added agricultural food products for wholesale, retail, and the provision of “food-to-go.” The company was established in 2015 with primary products of Korean style kimchee, namasu and pickled daikon. Their products are found at local farmers markets, restaurants on Kauai Island such as Duke’s and Keoki’s Paradise, ABC Stores, and Times Supermarket on Kauai. The company currently has two (2) full-time and two (2) part-time employees. 65% of the \$130,000 loan will be used for the purchase of a fully equipped food truck to increase company presence at pop-up markets and community events on Kauai. The balance of the loan funds will be used to increase refrigeration units to accommodate anticipated business expansion.

Koko Kai Foods LLC dba Koko Kai Yogurt (May 2023) was founded by Aline Steiner and Jonathan Roach in mid-2020. The CBED Advisory Council voted to recommend approval of Koko Kai Foods LLC for a CBED-EDA loan of \$60,000 with a \$60,000 match from Feed the Hunger Fund (FTHF). Borrowers will also contribute Owners Capital of \$50,000 for a total amount of \$170,000. The funds will be used to purchase new yogurt



production and bottling equipment, build a “cold room,” complete improvements in a new warehouse space, and provide some working capital to help with bulk purchases of packaging materials. Koko Kai Foods is a producer of non-dairy (coconut) yogurts that sources ingredients from local farmers when possible, and fair-trade farmers when they have to import. Koko Kai yogurt is dairy free, gluten free and plant based. It is unique in the market of coconut yogurts because it contains no added sugars, starches, fillers, or gums nor preservatives and relies on 13 live and active high quality probiotics strains to achieve a shelf stable pH. Koko Kai sources most fruit and spices for their yogurts locally, from local farmers. They are currently selling products in

Hawai'i in 84 locations throughout the State – Foodland, Wholefoods and Safeway, and in California in nine (9) locations in the Los Angeles area.

Samurai, Inc. (September 2023) was approved for a \$100,000 loan from CBED with a match of \$100,000 from Feed the Hunger Fund (FTHF). Founded in 1995, Sumarai manufactures ice cream, frozen desserts, sugar and confectionery products. They are based in the Kalihi area of Honolulu in an Enterprise Zone and employ 20 people. The loan will allow the company to update their facilities and purchase automated production equipment that will increase labor efficiency and reduce costs. Samurai received a second loan of \$25,000 in February 2024 from CBED with a match of \$25,000 from FTHF to purchase additional production equipment.



OCR Inc. dba Small Kine Farm (October 2023) received a \$50,000 loan from CBED to match a \$225,000 loan from the State Department of Agriculture's Loan Division (SALD). The CBED loan will allow the company to begin their organic mushroom growing operation in Waimanalo, an Enterprise Zone. The funds will be used for working capital and equipment. This loan supports Hawai'i's food self-sufficiency initiatives.



Organic, Locally Grown
Tūtū and Keiki Portabella Mushrooms



Kauai Fine Woodworking (October 2023) was approved for a \$75,000 loan with a match of \$75,000 from Feed the Hunger Fund (FTHF). Founded in 2021 by Adam Lang, Kauai Fine Woodworking (KFW) operates from the North Shore of Kauai in an Enterprise Zone. Adam has 23 years of experience as a carpenter, and the business is known for its dedication to producing exceptional custom woodwork including crafting cabinetry, designing custom doors, and creating elegant shelving units. The company employs eight (8) skilled workers. The loan will be used for facilities, equipment and working capital.



C & C Tropicals (March 2024) were approved for a loan of \$100,000 from CBED and a match of \$100,000 from Feed the Hunger Fund (FTHF). Located in Hilo on Hawaii Island C & C Tropicals specializes in Heliconia, Ginger, cut Anthuriums, potted Orchids, and lots of tropical foliage. The company started in 2018 with three acres and have now expanded to 35 acres. Owner Shane Castillo and his partner Kris Carlson operate a thriving flower production business providing a variety of species for wholesale and recently opened a

florist shop in Hilo. C & C Tropicals also acquired Pacific Floral Exchange one of the largest floral distributors in Hawaii supplying florists across the state and the mainland U.S. and has become a key player in the local market.

CBED GRANTS



Through grants and technical assistance, the Community-Based Economic Development (CBED) program provides training and capacity-building opportunities to promote, support, and invest in community-based development projects that result in measurable economic impact. Although the CBED program has limited funds for grants, the CBED Advisory Council in response to the Maui fires of summer 2023 explored how the CBED program could assist suffering Maui businesses. The Council approved granting financial support to allow small businesses to participate in the Hawaiian Airlines Made in Maui County Festival on November 3 and 4, 2023, at the Maui Arts & Cultural Center. The CBED program provided \$65,000 in grants to cover booth fees for vendors. The sponsorship allowed 132 companies to exhibit at the event and for the community to experience what vendors have to offer while helping their recovery efforts. Each of the participating vendors received \$450 for their booth space and other associated costs for the Hawaiian Airlines Made in Maui County Festival. In 2024 CBED continued to sport the Festival through general sponsorship to the and attended with buyers from Japanese Department Stores seeking new products from Hawai‘i.



By partnering with the Pakini Loan Fund, a spin-out of the Waianae Economic Development Council (WEDC) and providing them with a \$50,000 grant, CBED was able to further the CBED mission. As an emerging Community Development Financial Institution (CDFI), the Pakini Loan Fund provides financial and technical support to the greater Hawai‘i and Native Hawaiian community, particularly to those members located in West Oahu.

The Pakini Loan Fund is uniquely positioned to offer microloans (\$10,000-\$30,000) to small businesses throughout the State of Hawai'i. In 2024 the Pakini Loan Fund utilized the CBED grant to fund its revolving loan fund and provide three (3) microloans to Native-Hawaiian-owned businesses:

- Ho'omana Pono, LLC (\$10,000): a legal advocacy organization with two (2) full-time employees
- KC Construction (\$20,000): a residential and commercial construction company with two (2) full-time employees and five (5) sub-contractors
- Costa Customs, LLC (\$20,000): a mobile auto welding service with one (1) full-time employee



CBED also provided the Pakini Loan Fund learning and growth opportunities over the course of the year in the administration of the CBED loan program through co-lending and loan servicing.

The CBED Program continued its support of Native Hawaiian-owned companies with its third grant of \$6,000 to



the Institute for Native Pacific Education and Culture (INPEACE). The grant empowered 14 companies from INPEACE's Center for Entrepreneurship to showcase their brands and products at the 2024 Made in Hawai'i Festival. The festival annually provides a prominent platform for Hawai'i's artisans and businesses to display their products to a wide audience, fostering greater exposure and growth opportunities. It took place on August 23-25 at the Hawai'i Convention Center.



INPEACE used the grant to cover the participation costs for five (5) companies to attend the festival. In addition, CBED provided all 14 entrepreneurs with technical assistance and supported them with marketing, social media, and public relations. INPEACE’s companies generated \$115,425 in sales over the 2-day festival and additionally made valuable networking connections with buyers, and gained experience in scaling-up, and selling at events.

CBED TECHNICAL ASSISTANCE



DBEDT's popular Hawai'i Small Business Fair was held September 28, 2024, at Leeward Community College (LCC) and was attended by almost 300 small businesses. The purpose of the Fair was to help local entrepreneurs launch and grow their companies in a post-pandemic economy and the state’s new business landscape. The Fair organized by DBEDT's CBED program and many DBEDT partner organizations offered more than 20 classes led by professional experts addressing a wide range of topics including finding access to working capital, protecting brand and intellectual property, e-commerce, social media marketing, staff management strategies, and more. Additionally, attendees connected with more than 30 exhibitors from various federal, state and county agencies, financial institutions, and nonprofit business support agencies.



CONCLUSION

Community-based economic development is specifically a strategy for addressing the needs of low-income communities. CBED has been implemented in the United States for

more than 40 years, and in Hawai'i for more than 30 years. CBED strategies and practices can play a valuable part in an overall economic development strategy for Hawai'i. Specifically, CBED is a bottom-up economic development initiative that can supplement more centralized or top-down approaches. This bottom-up approach begins by sourcing economic development opportunities from local communities themselves, which can be geographic or demographic communities or communities of interest. These opportunities, which usually become projects, not only have community-backing, but usually have some form of community control. The CBED approach can help existing or build new community-based businesses for a more sustainable Hawai'i economy, based on decentralization, partnerships, human resource development, and innovation. CBED is a key strategy for providing economic opportunities for Hawai'i's residents.