

DRAFT

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM (DBEDT)

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

TUESDAY, APRIL 15, 2025, AT 10:00 A.M.

**No. 1 Capitol District Building,
250 South Hotel Street, 5th Floor Conference Room
Honolulu, Hawaii 96813**

AND VIA VIRTUAL APPLICATION ZOOM: VIDEO/AUDIO CONFERENCE

Advisory Members Present were:

Nancy Elvira Lo	-	Advisory Council Member (Oahu)
Karen Barr	-	Advisory Council Member (Oahu)
Roberta Melton	-	Advisory Council Member (Kauai)
Jane Horike	-	Advisory Council Member (Hawaii/Hilo)
Teena Rasmussen	-	Advisory Council Member (Maui)
Jennifer Wilkinson	-	Advisory Council Member (Hawaii/Kona)
Josephine (Poni) Askew	-	OHA Representative
Mark Ritchie For	-	Department of Business, Economic
Dennis Ling (Ex-Officio)		Development & Tourism (DBEDT)

Guests:

Lei Riedel	-	Pakini Loan Fund
Eric Bowman	-	Feed the Hunger Fund (FTHF)

Staff:

John Cole	-	Attorney General's Office
Timothy Tiu	-	DBEDT
Selma Malcolm	-	DBEDT
Jason Ushijima	-	DBEDT

Apologies:

Colleen McAluney	-	Advisory Council Member (Oahu)
Matthew Loke	-	Department of Agriculture (Ex-Officio)

CALL TO ORDER:

Mr. Ritchie called the meeting to order on Tuesday, April 15, 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 the 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.

OLD BUSINESS:

Approval of Minutes of March 16, 2025:

Minutes of the March 16, 2025, meeting were distributed and reviewed by the 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.

The motion was made by Ms. Rasmussen and seconded by Ms. Lo to approve the Minutes of the March 16, 2025 meeting, as presented.

A roll call vote was taken with no objections.

The motion to adopt the March 16, 2025 Minutes was approved unanimously.

Public Testimony:

There was no public testimony.

NEW BUSINESS:

Approval of CBED Loan of \$40,000 to Uproot Origin, LLC:

Mr. Ritchie introduced the loan proposal for Uproot Origin LLC, a Hilo-based company producing locally-sourced, specialty health beverages. He invited Mr. Eric Bowman of Feed the Hunger Fund (FTHF) to summarize the underwriting for this loan.

Mr. Bowman shared that Uproot Origin, founded by Megan Brady, produces turmeric and ginger elixirs using primarily Hawaii Island-sourced ingredients, including ginger, turmeric, and honey. The products, often sold as concentrated wellness "shots," retail for approximately \$5 per bottle and are gaining popularity within the health and wellness market segment. The company currently operates out of the Hilo Food Hub, where Ms. Brady is now transitioning into a formal management role.

Uproot Origin experienced steady revenue growth since launching in 2022: from \$2,000 in its first year to \$77,000 in 2023 and \$154,000 in 2024. Projected income for 2025 is estimated to increase based on additional retail contracts and Ms. Brady's service-based contracts. The requested loan amount from CBED is \$40,000, to be matched by FTHF for a total of \$80,000. Funds would be used primarily for working capital, procurement of bottles, labels, and other supplies, as well as for equipment such as a turmeric mill to improve production efficiency.

Mr. Bowman continued that he knows Ms. Brady from his previous work at the Kohala Center and that she has been an active member of the community. Mr. Ritchie added that Uproot Origin is also located in an Enterprise Zone.

Ms. Horike, referencing her prior experience managing the Enterprise Zone program, recommended early planning for enrollment as employee hiring ramps up. Mr. Ritchie agreed and noted that DBEDT would inform Ms. Brady about the program.

Ms. Askew spoke positively of her experience with Ms. Brady at the Hilo Night Market, highlighting the professional branding, marketing, and customer engagement. She expressed confidence in the applicant's potential. Mr. Ritchie added further support by stating that Ms. Brady has been invited to speak at the upcoming "Hawaii Made" Conference.

Ms. Rasmussen raised concerns about the inherent risk of providing a working capital loan to a young company in an increasingly competitive market, noting the influx of similar products available in major retail chains. She expressed caution, suggesting the loan could be quickly depleted and emphasized the importance of financial discipline and strategic planning.

Mr. Ritchie acknowledged the early-stage nature of the business. He noted CBED's diversified portfolio and that this loan would be balanced by the more established businesses that CBED is currently working with. He also cited CBED's continued strong loan performance rating with the EDA.

Ms. Barr provided support for the loan adding that the company's ability to export product outside of Hawaii offered a competitive advantage. By contrast, she mentioned her knowledge of a comparable business that was unable to ship outside of Hawaii and therefore somewhat limited to selling their product locally.

Ms. Lo expressed concerns about the shelf-life and perishability of the product, questioning whether this would limit marketing and sales reach, particularly to off-island retailers. Mr. Bowman confirmed that the product is refrigerated and not pasteurized, to his knowledge. He also mentioned that the elixirs were processed in a certified kitchen at the Hilo Food Hub, where Ms. Brady serves in an informal anchor tenant role.

Ms. Rasmussen questioned the applicants profitability and whether the applicant had the operational capacity to manage multiple roles, including product development, food hub management, and business consulting. Mr. Bowman responded that Ms. Brady is highly capable and that the Hilo Food Hub contract formalizes work she has already been doing, estimating that role would require only a few hours a week. He added that she has hired a part-time, Hilo-based fractional CFO to provide financial oversight and help produce regular financial statements.

Mr. Bowman spoke to the company's recent financials: gross revenue of \$154,000 in 2024, with approximately \$90,000 in cost of goods sold (COGS) and \$36,000 in operating expenses, yielding a net profit of about \$25,000. He noted that Ms. Brady is not yet paying herself a full wage but expects net income to improve in 2025 with additional contracts and expanded retail channels.

In response to further questions from Ms. Rasmussen regarding employees, operations and planning, and from Ms. Melton, who asked about long term plans, Mr. Bowman clarified that most labor is part-time or family-supported, with minimal payroll obligations. The company is currently operating on a just-in-time inventory model and lacks sufficient working capital to fulfill growing demand. He also described Uproot Origin's expanding retail footprint in Hawaii and California, listing clients such as Island Naturals, Adaptations, and boutique shops in Norther California. Ms. Horike cautioned against sharing too much detailed account information due to its proprietary nature.

Ms. Askew vouched for FTHF's thorough vetting process and stated that operating from an established facility such as the Hilo Food Hub reduces the company's overhead, thereby de-risking the investment. She asked for confirmation of the proposed monthly loan payment, which Mr. Bowman stated would be approximately \$1,528 combined for both CBED and FTHF loans or \$764 each. She expressed concern that the payment amount may strain the company's limited cash flow. She also reference the success and growth of a similar business she was familiar with and noted her believe that there is room in this market.

Mr. Bowman acknowledged the risk but emphasized that the loan was structured with an understanding of the borrower's business trajectory and ability to grow into repayment. He noted FTHF's commitment to high-touch servicing and technical assistance, including one-on-one consulting, their business coaching cohort, the 'OHE (Optimizing High-Impact Entrepreneurs) Program, and online training platform. Mr. Ritchie added that part of the CBED mission includes providing companies with technical assistance and such services are offered at no cost to the borrower from partners such as the Hawaii Small Business Development Center (SBDC).

Ms. Rasmussen expressed her support and enthusiasm for Uproot Origins, however stated that she believes that this is one of the riskiest loans that CBED has proposed. She expressed additional notes of caution that she recommended to be shared with the borrower: 1) Consider the rising cost of goods and shipping 2) Strategically examine existing and new accounts for volume, frequency, payment terms and profitability.

A motion was made by Ms. Melton and seconded by Ms. Horike to approve the DBED/CBED loan of \$40,000 to Uproot Origin, LLC pending the FTHF Loan Committee's approval of the loan on Tuesday, April 22, 2025.

A roll call vote was taken with all Council members approving the motion and the request that the meeting notes be shared with the borrower. There were no objections.

The motion was approved.

Approval of CBED Loan of \$100,000 to Pa'ina Hawaii, LLC:

Mr. Ritchie presented the next loan proposal for Pa'ina Hawaii, LLC to the Council. The loan would be for \$100,000 from CBED and then \$100,000 from FTHF for Pa'ina Hawaii to acquire full ownership of the foreign owned, irradiation facility on Oahu. The facility services 38-40 farmers who are dependent on it to be able to ship their fruits and vegetables to the mainland.

Mr. Bowman continued that Michael Kohn, the current minority owner of 40% of the company would like to buy the other 60% which is owned by a now-deceased foreign owner. This action would make Pa'ina Hawaii a locally owned business and sustaining this critical piece of infrastructure. Mr. Bowman described the process of irradiation and its importance to Hawaii farmers who need this service to ship their produce outside of Hawaii.

For the full purchase, Mr. Kohn is self-financing \$300,000 and in addition to CBED/FTHF loan, he is applying for a \$400,000 SBA Loan through Phoenix Lending. He has been turned down from First Financial Bank.

Ms. Lo, Ms. Rasmussen, and Ms. Barr all expressed support for this loan acknowledging the facility as critical to Hawaii's infrastructure, its sophistication and necessary role in the local agriculture industry.

Ms. Melton stated that the facility is located in Kunia and is not Hawaii Agriculture Research Center (HARC) land so she will not have to recuse herself from voting.

A motion was made by Ms. Rasmussen and seconded by Ms. Barr to approve the DBED/CBED loan of \$100,000 to Pa'ina Hawaii, LLC pending the FTHF Loan Committee's approval of the loan and Phoenix Lending's SBA Loan approval.

A roll call vote was taken with all Council members approving the motion with no objections.

The motion was approved.

Announcements

Mr. Ritchie thanked everyone for their time and acknowledged that the meet had run long. As a result, he will invite Lei from the Pakini Fund to present at the next meeting on May 20th.

Additionally, Mr. Ritchie allowed Ms. Wilkinson to make an announcement. Ms. Wilkinson announced that this would be her last CBED Advisory Council Meeting and noted that she will be moving back to the mainland to help her family. She thanked the Council. The Council express their gratitude and well wishes.

Mr. Ritchie recognized Ms. Wilkinson's contributions to CBED and the time. He reminded everyone that the CBED Advisory Committee would meet again in May.

NEXT MEETING:

May 20, 2025 at 10:00 a.m.

ADJOURNMENT:

The meeting ended at 11:01 a.m.

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Respectfully submitted,

For 

Nancy Elvira Lo, Chair

April 17, 2025
Date