

**State of Hawaii  
Department of Agriculture  
Agricultural Loan Division**

**May 27<sup>th</sup> , 2025**

**Board of Agriculture  
Honolulu, Hawaii**

**Subject: Aquaculture Loan Guaranty Presentation**

**APPLICANT:** Jeramiah Blackhat, DBA Blackhat Enterprise  
P.O. Box 460  
Kealahou, HI 96750

**CLASSIFICATION  
& ELIGIBILITY**

Jeramiah Blackhat has been a Hawaii resident for 29 years. He has run his aquaculture farm full time as a sole proprietorship since 2016 doing business as Blackhat Enterprise. The applicant meets eligibility requirements for "Qualified Aquaculturist" of the Hawaii Revised Statutes (HRS) Chapter 219-2.

Feed The Hunger Fund (FTHF) meets the definition of a "Financial Institution" as outlined in HRS Chapter 219-9, HRS.

**COMMODITY:** Aquaponic Vegetables, Fish, Orchard Crops

**CREDIT HISTORY:** SEE EXHIBIT A (CONFIDENTIAL)

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**OTHER STATE  
AQUACULTURAL  
LOANS:**

None.

**LOAN REQUEST  
& PURPOSE:**

<u>Amount</u>	<u>Guaranty</u>	<u>Class B - Qualified Aqua culturist</u>
\$90,181	\$72,144.80	FTHF
<b>\$90,181</b>	<b>\$72,144.80</b>	<b>Total</b>

**Project Funding Breakdown**

\$ 90,181	FTHF's portion
\$ 10,000	HFFI Grant
\$ 32,000	Owner's contribution (excavation)
<b>\$132,181</b>	<b>Total Project Cost</b>

The project funds from the grant and FTHF will be used for phase 1 of the project and will be utilized as follows:

Debt Liquidation	\$	42,000
Aquaponic Supplies	\$	33,181
Working Capital	\$	25,000
Total	\$	<b>100,181</b>

Feed the Hunger Fund is requesting an 80% guaranty (insured) on a \$90,181 (\$72,144.80) aquaculture operational loan. The proposed loan refinances high interest debt, brings the Bishop Estate lease current and provides funds to expand the current aquaculture operation. The cashflow will improve by approximately \$4,000 per month as a result of the refinance. Mr. Blackhat has contributed \$32,000 for excavation work for the new expansion area. FTHF fund is also working with the Healthy Food Fund Initiative (HFFI) to provide a \$10,000 grant to Mr. Blackhat.

The intent for the next phase is that Mr. Blackhat will pursue a Class A capital improvement loan from the State Agricultural Loan Division (SALD) to complete the project expansion.

**TERMS:**

The State will charge (paid by FTHF) a one-time 2% fee for the \$90,181 insured loan which will total \$1,803.62.

The loan terms provided by FTHF:

Amount: \$90,181  
Term: Seven (7) Years  
Interest rate: 5.5%  
Repayment: No payments for three months, followed by one payment of total accrued interest of \$1,653.32. Then 3-months of interest only \$413.33 per month and 77-months of principal and interest of \$1,295.

The scheduled no payment period, followed by interest-only period is to assist with cashflow during construction.

**SECURITY:**

The loan will be secured by a first position financing statement on all the new equipment and supplies such as pumps, rafts and plumbing with an estimated value of \$33,181. Their loan is further secured by a junior financing statement on all business assets. Shown below is the loan to value:

**Loan to Value  
Ratio**

$$\frac{\$90,181(\text{Prop. Loan Amt.}) + 32,320 (\text{FTHF 1st Loan})}{\$33,181(\text{Equip. to be Purchase}) + \$108,129(2^{\text{nd}} \text{ Pos. UCC})} = 86.68\%$$

The applicant valued the fish inventory at \$192,000 and FTHF valued the fish at \$10,000. Agricultural loan staff valuation of the fish inventory is \$48,000 or 25% of the applicant's value. Also included in the valuation is accounts (\$18,982), equipment (\$25,000), and vehicles (\$16,147). The priority position is held by Feed the Hunger Fund for a separate loan with a balance of \$32,230. The SALD guaranty will be adequately secured by the proposed collateral.

**GUARANTORS:**

None

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**FINANCIAL  
CONDITION:**

SEE EXHIBIT A (CONFIDENTIAL)

**REPAYMENT  
ABILITY:**

SEE EXHIBIT A (CONFIDENTIAL)

**INSURANCE:**

Liability Insurance listing FTHF

**BACKGROUND/  
MANAGEMENT  
ABILITY:**

Jeramiah Blackhat began operating his aquaculture farm in 2016. The family farm is located in the Honaunau area of the Kona coast. The farm consists of three Kamehameha Schools/Bishop Estate (KSBE) leases. The aquaponics operations is located on the 3-acre lease with a term that expires on March 31, 2039, and is identified as TMK: 3/8-3-007-008. The other two leaseholds total 17 acres planted with mango trees, ulu, limes, avocado and bananas. Mr. Blackhat is working with KSBE to extend the leases for the two leasehold properties. The aquaponic operation consists of 8 hoop houses 60-75 feet in length with aquaculture tanks and production rafts underneath which produce leafy greens. It includes sixteen 750 gallons tanks for Tilapia production that currently contain roughly 4,000 fish, 8-foot x 10-foot refrigerated storage room, covered washing and packaging facilities. There are an additional 10 tanks on site containing koi fish. The tilapia and koi tanks provide effluent water for growing of the aquaponic vegetables. County water is available for the property and utilized for the operation.

Mr. Blackhat is an experienced aquaponics farmer. Throughout the years, he has faced many challenges including pump failures, crop diseases/failures but has persisted in developing a successful operation. The business was hit hard by the covid quarantine shutdowns that resulted in the closure of some of his markets. The slowdown in business led to cash constriction and he fell behind on lease rents.

As the economy slowly improved, the business steadily increased sales but remained in the red. In 2023, Mr. Blackhat focused on gaining markets and improving his sales so that the system was in full production by the end of 2024 and his revenue returned to profitability. The planned expansion will increase the bed space by 43%, which will be used to meet the demand from the current markets that are requesting as much as twice the romaine and spring mix.

The entire family helps on the farm with his children contributing as well as his wife. His son recently returned from college and his daughter also works in the operation providing sufficient labor without the need to hire additional personnel. There is always a family member on site to handle any urgent issues.

#### **SUMMARY:**

Mr. Blackhat has worked hard to become a successful aquaculturist and a sought-out producer. He is scaling-up production to meet his current demand. He has shown determination through numerous setbacks and his persistence has honed an efficient business model. The expansion will build on his experience and further improve his revenue potential.

Feed the Hunger Fund is requesting the State's insurance of the loan since based on their collateral requirements and collateral valuation, the collateral offered is insufficient. The proposed loan will allow Mr. Blackhat to increase production and consolidate high-interest debt, which will help improve the cash flow of the operation.

The proposed loan will further increase Hawaii's production of fresh produce and fish that are marketed locally to consumer markets and restaurants. There will be no expenditure of state funds for this phase of the project and Mr. Blackhat will also be provided a \$10,000 grant as sourced by FTHF.

#### **TURNDOWNS:**

Insured Loan requested by Feed the Hunger Fund due to insufficient collateral.

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**RECOMMENDATIONS:** This guaranty is recommended for approval based on the applicants' well documented history with FTHF, aquaculture business experience, demonstrated growth, marketability, and projected cash flow.

Date

Recommended by:

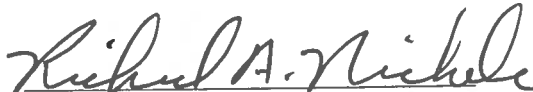
5/14/25

  
Jillian C. Scheibe  
Agricultural Loan Officer IV

Date

Concurrence on recommendation:


5/15/25

  
Richard A. Nichols  
Division Administrator

Date

Approved for submission:

5/15/25

  
Sharon Hurd  
Chairperson, Board of Agriculture