

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

August 26, 2025

**Board of Agriculture & Biosecurity
Honolulu, Hawaii**

SUBJECT: Loan Presentation

APPLICANT: Minerva Ilagan
 Gloria Ilagan
 Diana Ilagan Clifford
 P.O. Box 624
 Captain Cook, HI 96704

**CLASSIFICATION
& ELIGIBILITY:** The applicants meet the qualifications under Hawaii
 Revised Statutes (HRS) Chapter 155-1, as Qualified
 Farmers and meet the general eligibility requirements under
 HRS 155-10. Ms. Ilagan has been farming since the 1970s
 and raised her daughters on the farm.

COMMODITY: Coffee, Bananas, Avocados, Mangos, Mac Nuts

CREDIT HISTORY: SEE EXHIBIT A (CONFIDENTIAL)

**OTHER STATE
AGRICULTURAL
LOANS:** None

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**LOAN REQUEST
& PURPOSE:**

<u>Amount</u>	<u>Class A</u>
<u>\$150,000</u>	Farm Improvement
\$150,000	Total Request

The Farm Improvement loan will upgrade the cesspool to a septic system to meet the requirement as set forth by Kamehameha School Bishop Estate. The remaining funds will be used to repair the farm roadway, make necessary repairs to the roof and electrical for the residence and repair coffee infrastructure.

TERMS:

Class A - Direct Farm Ownership Loan

Amount: \$150,000
Term: Sixteen (16) Years
Interest rate: 4% per annum, fixed.
Repayment: Monthly principal & interest payments of \$1,060 until maturity.

SECURITY:

The Class A will be secured as a first position leasehold mortgage on the 8.6-acre farm parcel located at 83-5447 Middle Keel Road in Captain Cook identified as Tax Map Key (TMK) (3) 8-3-008-025. The lease has a remaining term of 18 years expiring on March 18th, 2043. The buildings on the property include two hoshidanas, the farmhouse, and processing area are all listed as salvaged dwellings built in 1930s. They make up a total of 2,000 square feet of space. There is also a carport that is about 800 square feet constructed in 1989. The dwellings are used by the farm laborers who help on the farm in exchange for rent. The cesspool to be replaced is downslope of the hoshidana which is to be replaced with a community septic system to remain in compliance with regulatory standards. An appraisal dated 7/16/25 from Leila Duim, CRA valued the property at \$475,000 .

Loan to Value
Ratio

$$\frac{\$150,000 \text{ (Proposed Loan)}}{\$475,000 \text{ (Appraised Value)}} = 31.58\%$$

The loan will be well secured with a LTV of 31.58% which meets the statutory required LTV ratio of 85% for a class A loan. Due to the term of the loan, shorter assets were not included in the valuation.

GUARANTORS:

None.

**FINANCIAL
CONDITION:**

SEE EXHIBIT A (CONFIDENTIAL)

**REPAYMENT
ABILITY:**

SEE EXHIBIT A (CONFIDENTIAL)

INSURANCE:

Liability Insurance

**BACKGROUND/
MANAGEMENT
ABILITY:**

Minerva Ilagan was born in the Philippines moving to Hawaii as a college graduate. She and her late husband, began farming in South Kona in the 1976, raising their family on the macadamia and coffee orchards. To this day, it remains a family affair with her daughters Gloria Ilagan & Diana Clifford being large contributors to the farm operation. The entire farming operation consists of three different parcels planted mostly in macadamia trees and coffee.

Over the last two years, they have been removing the macadamia trees as the market has become unreliable. They have been excavating and chipping the trees to replant with coffee. There are approximately 2.5-acres of young coffee trees planted, 2-acres of established coffee trees, .5-acre of bananas, and various other fruit trees on the property such as keitt mango, avocado, ulu, and bilimbi. The remaining 2-acres at the bottom of the property is mostly excavated and ready for more coffee trees.

They raise their own nursery stock and have over 1,000 starter coffee trees in their nursery area. There are also

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squash vines and tomatoes that are used for subsistence along with a chicken coop built on the framing of one of two hoshidanas that were previously used for drying coffee.

The farm sells coffee cherry to a local miller. Other revenue is from smaller sales of macadamia, avocados, mangos, and bananas. They regularly apply fertilizer and use organic pesticides to treat the coffee berry borer and coffee leaf rust.

SUMMARY:

The applicants are hardworking and experienced farmers. They are adaptable and maintain long-term market relationships, allowing them to meet changing demands. Ms. Ilagan has the support of her children who have years of experience in farming and who help with financial support. The proposed septic system allows Ms. Ilagan to continue that legacy of good stewardship and brings the operation into compliance with Kamehameha School Bishop Estate's requirements. The loan funds will also make needed improvements to farm infrastructure.

The farm was in good condition with an established coffee orchard and the newly planted coffee rows are becoming established. Their management and farming ability, historical farm performance and projected cash flow provide sufficient support for the loan.

TURNDOWNS:

American AgCredit declined the subject's loan request for insufficient collateral due to inability to mortgage a leasehold property.

RECOMMENDATIONS:

Approval of this loan is recommended based on the applicants' proven farming experience, strength of collateral, historical performance, and projections.

Conditional to consent of mortgage from Kamehameha School Bishop Estate.

Date

Recommended by:

8/11/25

Jillian C. Scheibe
Jillian C. Scheibe
Agricultural Loan Officer V

Date

Reviewed and concurred by:

8/11/25

Richard A. Nichols
Richard A. Nichols
Agricultural Loan Administrator

Date

Approved for submission:

8/11/2025

Sharon Hurd
Sharon Hurd
Chairperson, Board of Agriculture & Biosecurity

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

August 26, 2025

**Board of Agriculture & Biosecurity
Honolulu, Hawaii**

SUBJECT: Loan Presentation

APPLICANT: Mark Takizawa
Mika Yuping Huang Takizawa
P.O. Box 115
Honaunau, HI 96726

**CLASSIFICATION
& ELIGIBILITY:** The applicants meet the qualifications under Hawaii
Revised Statutes (HRS) Chapter 155-1, as Qualified
Farmers and meet the general eligibility requirements under
HRS 155-10. Mr. Takizawa registered at Kona Hills
Coffee, LLC in 2017 and also does business as Kona
Ohana Coffee, LLC registered in 2020.

COMMODITY: Coffee

CREDIT HISTORY: SEE EXHIBIT A (CONFIDENTIAL)

**OTHER STATE
AGRICULTURAL
LOANS:** None

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**LOAN REQUEST
& PURPOSE:**

<u>Amount</u>	<u>Class A</u>
\$390,000	Farm Purchase
\$ 10,000	Working Capital
\$400,000	Total Request

The proposed farm ownership loan will allow the applicant to purchase the neighboring 6-acre coffee farm and make minor repairs to the property off Bruner Rd in south Kona. Further it expands the growing acreage to meet market demands.

TERMS:

Class A - Direct Farm Ownership Loan

Amount: \$400,000
Term: Thirty (30) Years
Interest rate: 4% per annum, fixed.
Repayment: Monthly principal & interest payments of 1,910 until maturity.

SECURITY:

The Class A loan will be secured by the following:

1) First position leasehold mortgage on the 6-acre farm parcel located at 84-1300 Bruner Rd, Captain Cook identified as Tax Map Key (TMK) (3) 8-4-002-003. The lease has a remaining term of 33 years expiring on 09/30/2058. The building on the property includes one bedroom, one bathroom 825 square-foot home built in 1998 and shed. The new farm has been professionally managed with 2-acre macadamia orchard and a slightly larger coffee orchard. The farm is located under the Honaunau rain shadow with a median annual precipitation of 50 to 80 inches with a grade of 10-20% throughout the farm. The farm is sitting on well-draining Honuaulu cobbly hydrous silt loam. Joelle Baird with Baird Appraisals appraised the market value at \$390,000, appraisal dated 8/5/2025.

2) A junior blanket financing statement on all crops, accounts, vehicles, inventory, and farm equipment valued at \$126,000. Superior position held by FSA for approximately \$18,000.

Shown below is the loan-to-value (LTV) ratio for the proposed loan:

Loan to Value
Ratio

$$\frac{\$400,000 \text{ (Proposed Loan)}}{\$390,000 \text{ (Appraised Value)} + \$108,000 \text{ (2nd Pos. UCC)}} = 80.32\%$$

The LTV ratio meets statutory requirements.

GUARANTORS:

None.

**FINANCIAL
CONDITION:**

SEE EXHIBIT A (CONFIDENTIAL)

**REPAYMENT
ABILITY:**

SEE EXHIBIT A (CONFIDENTIAL)

INSURANCE:

Dwelling Insurance with State named as mortgagee.

**BACKGROUND/
MANAGEMENT
ABILITY:**

The Takizawas established their home farm in 1986. Mr. Takizawa grew up on the farm helping his mother run Ohana Family Coffee before taking over management in the mid-2010s after graduating from UH Manoa in 2012. He and his wife fully manage the operation using Kona

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Hills Coffee, LLC for their own estate coffee and Kona Ohana Coffee for their wholesale accounts.

The original farm has a multi-generational family home on it and is on 5.95-acres. The home is a 2-bedroom 1 bath, 896 square-foot house, equipment area, and approximately 576 square-foot drying deck sitting at 1,600-1,800 ft elevation neighbors the new farm allowing Mr. Takizawa to expand his footprint north. Takizawa's operation is fully integrated with Mark tending the coffee and roasting while Mika handles the administrative load and sales. There is approximately 3-acres of planted coffee that is full production for 2025-2026 season. They have established markets selling roasted coffee locally and wholesale green bean international buyers in China and Taiwan.

When their current farm is unable to produce enough coffee to meet their market demands, they will purchase green bean from other Kona coffee farmers. The new acreage will nearly double the operations production from 7,000 pounds to 13,000 pounds of coffee cherry while decreasing reliance on other farms to meet demand. Further, it will also allow Mr. Takizawa to manage the quality of the coffee cherry.

SUMMARY:

The applicants are dedicated coffee farmers looking to expand their business. The Takizawas have shown a strength for finding profits and entering new markets. The proposed loan to purchase the neighboring farm will allow them to increase and stabilize their coffee supply, maintain a high quality product, and continue to operate the present roasted coffee business from the original location.

Their management and farming ability, historical farm performance, additional acreage of coffee, and projected cash flow provide sufficient support for the loan.

TURNDOWNS:

HFS Federal Credit Union declined the subject's loan request for insufficient collateral due to inability to mortgage a leasehold property.

RECOMMENDATIONS:

Approval of this loan is recommended based on the applicants' proven farming experience, strength of collateral, historical performance, and projections.

Conditional to consent of mortgage from Kamehameha School Bishop Estate.

Date

Recommended by:

8-14-25

for Richard A. Nichols
Jillian C. Scheibe
Agricultural Loan Officer V

Date

Reviewed and concurred by:

8-14-25

Richard A. Nichols
Richard A. Nichols
Agricultural Loan Administrator

Date

Approved for submission:

8-16-25

Sharon Hurd
Sharon Hurd
Chairperson, Board of Agriculture & Biosecurity

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

August 26, 2025

**Board of Agriculture & Biosecurity
Honolulu, Hawaii**

SUBJECT: Loan Presentation

APPLICANT: Bianca Sophia Antonio
P.O. Box 585
Haiku, HI 96708

**CLASSIFICATION
& ELIGIBILITY:** The applicants meet the qualifications under Hawaii
Revised Statutes (HRS) Chapter 155-1, as New Farmer and
meet the general eligibility requirements under HRS 155-
10 having resided in Hawaii since 2006. Ms. Antonio
registered for the trade name Pomaikai Aina Farm in 2024.

COMMODITY: Vegetables, Herbs, Spinaches, Tea

CREDIT HISTORY: SEE EXHIBIT A (CONFIDENTIAL)

**OTHER STATE
AGRICULTURAL
LOANS:** None

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**LOAN REQUEST
& PURPOSE:**

<u>Amount</u>	<u>Class F - Direct New Farmer Loan</u>
\$390,000	Farm Purchase
\$ 28,045	Fence
\$ 2,800	Waterline
\$ 9,000	Ag Building
\$ 5,000	Survey
\$ <u>17,972</u>	Solar System
\$452,817	Total Project Cost

The farm ownership loan will enable the applicant to purchase a 5-acre parcel in Kaupo, Maui and to add infrastructure such as an ag building, fence, solar, and a waterline to the raw land.

TERMS:

Class F – Direct New Farmer Farm Ownership Loan

Amount: \$448,000
Term: Forty (40) Years
Interest rate: 3% per annum, fixed.
Repayment: Monthly principal & interest payments of \$1,605 until maturity.

SECURITY:

The Class F will be secured by the following:

- 1) First position mortgage on the 5-acre farm parcel located in Kaupo Maui identified as Tax Map Key (TMK) (2) 1-7-002-078. The land has a driveway with an easement, along with access to water. The county tax accessor has a 2025 Total Market Value of \$509,000.
- 2) A blanket financing statement on all crops, accounts, inventory, farm equipment, and new equipment. The new equipment includes the materials for the solar system and the ag building for a total value of \$18,000.

Shown below is the loan-to-value (LTV) ratio for the proposed loan:

Loan to Value Ratio $\frac{\$448,000 \text{ (Proposed Loan)}}{\$509,000 \text{ (County Assessed Value)} + \$18,000 \text{ (New Equipment)}} = 85\%$

The LTV ratio meets statutory requirements.

GUARANTORS: None.

FINANCIAL CONDITION: SEE EXHIBIT A (CONFIDENTIAL)

REPAYMENT ABILITY: SEE EXHIBIT A (CONFIDENTIAL)

INSURANCE: Liability Insurance

**BACKGROUND/
MANAGEMENT
ABILITY:**

Ms. Antonio grew up in California and moved to Maui in 2006 where she began working on Kaupo Ranch. She was responsible for the general care of the livestock including rotating the animals and water trough checks. From 2006 she continued to work on various farms throughout Maui to build up her skill sets. Learning skills such as feed production, small livestock management, intercropping systems, harvesting, packaging, labeling, marketing, composting, soil regeneration protocols, and irrigation strategies.

Throughout that time, she was pursuing a career in education. She earned AA in Liberal Arts 2011 University of Maui College and BA in Social Science in 2012 from UH Hilo & BA in Education emphasis in Early

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Development in 2014 through Grand Canyon University. She has worked as a registered behavioral technician DOE before starting her own program that integrates nature-based learning strategies. She founded Pono Outdoor Program in October 2021 as a private education academy.

For a little more than a year and a half she has been running test pilots on leased 1/2-acre shorter-term plots both Haiku and more recently in Kaupo. She markets direct to consumer and to local businesses that purchase Hawaiian chili peppers, butterfly pea, tomatoes, spinach, green beans, and herbs. Additionally, she creates and sells a weekly CSA box for her local community of Kaupo that includes eggs, herbs, tea sachets, and vegetables. She also has created teas from the herbs she grows.

The proposed farm is well placed in Kaupo with the parcel centrally located up Kaupo Gap Road. The land has variance with most (3.5-acre) being 3% grade and other spots up to 25%. The annual median precipitation is 29-53 inches. The west side of the property boundary is an easement road that is under a HOA for the 3 properties along the road. The HOA tends to the easement road, the well, and 66,000-gallon catchment along with the pump and electricity. This property is appropriate for 600 gallons of well water per day.

Initially, she will fence one acre with deer fencing and bring the water line from the well to her property to get her vegetables transferred from the leased parcel and into the ground. She currently has 11 ducks and 19 chickens. She also has over 30+ fruit trees to transplant and more vegetable plants, as well, to bridge the transition.

SUMMARY:

The applicant has shown a strong work ethic, adaptability, and commitment to agriculture throughout the years. She brings hands on experience of running a self-sustaining farm and livestock operation. The purchase of the property will allow her to take the next step as a farmer. The land will provide a permanent site for the Pomaikai Aina Farm and other farm-related endeavors. As a farm owner, we can expect the same level of dedication she has shown throughout the decades in agriculture.

She is well connected in her community with support and mentorship available to her as needed. The loan funds will be used to buy the land, deer fence a portion, run water to the property, and add an ag building to the property. The proposed loan is well secured with the real estate, accounts, and equipment.

TURNDOWNS:

Central Pacific Bank decline for insufficient income for amount of requested.


RECOMMENDATIONS:

Approval of this loan is recommended based on the applicants' commitments, training, strength of collateral, and projections.

Date

Recommended by:


8/11/25


Jillian C. Scheibe
Agricultural Loan Officer V

Date

Reviewed and concurred by:

8/11/25


Richard A. Nichols
Agricultural Loan Administrator

Date

Approved for submission:

8/11/2025


Sharon Hurd
Chairperson, Board of Agriculture & Biosecurity

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

August 23, 2025

**Board of Agriculture and Biosecurity
Honolulu, Hawaii**

SUBJECT: Loan Presentation

APPLICANT: Co-Borrowers

Evan Goldstein Ryan
677 Olinda Road
Makawao HI 96768
and
Danielle Little Ryan
677 Olinda Road
Makawao HI 96768

**CLASSIFICATION
& ELIGIBILITY:**

Evan and Danielle Ryan meet the eligibility requirements of Chapter 155, Hawaii Revised Statutes as a "Qualified Farmer" and meet the general eligibility requirements under HRS 155-10. Evan and Danielle have been married Hawaii residents since 2010. They began farming in 2011 and purchased the present 15-acre parcel (TMK 2-4-012-001) in Maui County in 2020.

COMMODITY: Tomatoes, Cucumbers, Leafy Greens, Broccoli, Taro, Fruits, Roots, and Herbs

CREDIT HISTORY: SEE EXHIBIT A (CONFIDENTIAL)

**OTHER STATE
AGRICULTURAL
LOANS:** NONE

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**LOAN REQUEST
& PURPOSE:**

<u>Amount</u>	<u>Class A DAB Loan – Farm Ownership</u>
\$500,000	Refinance a portion of Owner Finance Loan
\$500,000	Total Request

Projected Funding Breakdown and Use

<u>\$750,000.00</u>	Refinance Original Purchase Owner Finance Loan
\$750,000	Total Project Cost

The requested loan will enable the applicants to refinance approximately \$750,000 (approximately 50%) of the original \$1,590,000 owner carried purchase. The owner carried loan was for 7 years at 5% interest only payments until November 2027. This will reduce the future burden and allow the applicants additional time to get more acres in production, assimilate cash, and build infrastructure before final maturity. The property consists of 14.946 acres in Makawao on Maui. The parcel has a small family dwelling where the Ryans live. Another structure located on the property is utilized as an agricultural school and has a special use permit by the county to operate as an agricultural school. Approximately 14.5 acres are available for farming with 4.5 acres historically under crop production and 1.5 acres in young trees. An additional 1.85 was added into production this year, totaling 7.85 acres under production at this time.

SOURCES OF FUNDS:

<u>Amount</u>	<u>Sources</u>
\$500,000.00	DAB Refinance Owner Finance Loan
<u>\$250,000.00</u>	Ryan's cash injection
\$750,000.00	Total Project Cost

TERMS:

Class A - Direct Farm Ownership Loan

Amount: \$500,000
 Term: Thirtyfive (35) Years
 Interest rate: 4% per annum, fixed.
 Repayment: Monthly Payments of \$1772.00.

SECURITY:

The Class A will be secured as follows:

Third lien position mortgage on a 14.946-acre real estate parcel (TMK 2-4-012-001) located in Maui County. The property is owned by Ryan and Danielle Ryan and was purchased in 2020 from Olinda Road Farms LLC. The appraised value of the property is \$2,808,000.00 as of 09/24/2024 conducted by Leshar Chee Stadlbauer Inc. real estate appraisers. Olinda Road Farms provided owner financing at the time with a first position mortgage. In January 2025 the Farm Service Agency acquired a second position for real estate improvements.

Shown below is the loan-to-value (LTV) ratio for the proposed loan:

Loan to Value Ratio:

$$\frac{\$840,000 \text{ (Olinda Road Farms 1st)} + \$291,888 \text{ (FSA 2nd)} + \$500,000 \text{ (Requested DAB Loan)}}{\$2,808,000 \text{ Real Estate Value}} = 58.12\%$$

The LTV ratio of 58.12% meets the program's statutory requirements for Class A Loans and the loan will be fully secured by the real estate (TMK 2-4-012-001) in Maui County . An appraisal was conducted by Leshar Chee Stadlbauer Inc. on 9/24/2024 for \$2,808,000.00.

**FINANCIAL
CONDITION:**

SEE EXHIBIT A (CONFIDENTIAL)

**REPAYMENT
ABILITY:**

SEE EXHIBIT A (CONFIDENTIAL)

INSURANCE:

Property and Improvements Insurance required on all structures and improvements.

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**BACKGROUND/
MANAGEMENT
ABILITY:**

Evan Ryan moved to Maui, Hawaii in 2010 and began farming in 2011. He leased land till 2020 when he purchased this TMK 2-2-4-012-001 parcel. His primary crops were leafy greens, cucumbers, tomatoes, broccoli, and some cauliflower. During this period of time, he developed markets for his crops with retail and wholesale vendors. He continued acquiring lease ground expanding out to 5 acres.

In 2020 Ryan purchased this 14.946 parcel in Makawao, Hawaii on the island of Maui. The parcel was owned by Olinda Road Farms LLC and was under modest production. Ryan began the process of clearing, fertilizing, and preparing the farm for production as he ended his leasing requirement with other local farmers. This new operation had some lychee, banana, and avocado trees established. Ryan incorporated leafy greens, cucumbers, broccoli, cauliflower, Herbs, roots, and began running some test plots of taro. Total acres under production expanded to 4.5 acres with an average 3-year yield of 7345 lbs. per acre. Pricing remained strong at approximately \$5.00 per pound average for all crops until the 2023 Maui fires. As Ryan worked to maintain his markets and sell all of his crop, he reduced his prices approximately \$.70 per pound in order for him to meet his crops production.

Ryan has expanded his acreage this past year to 7.85 acres from 4.5 acres and added taro to his product line. Since the owner carry interest only loan matures in 2027, Ryan is using this time to meet his markets by increasing his tilled acres, develop new markets, and maximize net cash flow to make his final payment. He will utilize some of his savings (\$250,000) along with the Department of Agriculture and Biosecurity loan funds to reduce the principle now to prevent a large burden on the farm in 2027.

SUMMARY:

Evan Ryan is an experienced farmer and businessman who provides quality fruits and vegetables to Hawaii consumers. He is financially secure and is a highly respectful member of the Maui Ag. Community for his accomplishments. This next step in his farm's development will allow him to meet his market demands and begin preparing for the final purchase payment on this parcel

The DAB loan will be well secured with the real estate and will have sufficient historical cash flow to service the proposed debt. The loan is supported by the overall strength of the farm, strong balance sheet, high demand market, and Evan Ryan personally.

TURNDOWNS:

Farm Service Agency declined the subject's loan request due to it being outside the limits of its farm ownership loan program.

RECOMMENDATIONS:

Approval of this request is recommended based on Evan and Danielle Ryan's Farming experience, the historical and projected financial performance of the farm, collateral offered, and high credit ratings.

Date

Recommended by:

8/11/2025

Richard A. Nichols
Richard A. Nichols
Ag Loan Administrator

Date

Approved for submission:

8/11/2025

Sharon Hurd
Sharon Hurd
Chairperson, Board of Agriculture and Biosecurity

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

August 26, 2025

**Department of Agriculture & Biosecurity
Honolulu, Hawaii**

Subject: Loan Presentation

APPLICANT:

Hamakua Heritage Farm, Inc.
P.O. Box 205
Laupahoehoe, HI 96764

Robert M. Stanga (Co-Borrower)
Janice M. Stanga (Co-Borrower)
P.O. Box 205
Laupahoehoe, HI 96764

**CLASSIFICATION
& ELIGIBILITY:**

Hamakua Heritage Farm, Inc. (HHFI) was incorporated in Hawaii in September 2000 and meets the eligibility requirement as a qualified farm corporation as defined in Chapter 155 of the Hawaii Revised Statutes (HRS) 155-1 and general eligibility requirement cited in subsection 155-10.

Robert M. Stanga and his wife Janice M. Stanga own 78% of HHFI's stock and has been actively engaged in producing mushrooms for 25 years. Robert serves as President and Janice as Secretary/Treasurer. Both have resided in Hawaii since 2000.

Minority shareholders include Joshua Martinez, 10%; Thomas Bowers, 5%; Cori Martinez, 2.5%; Joseph B. Allen, Sr. Living Trust, 2.5%; and Susan Gardner, 2.5%. The minority shareholders are not active in the management or daily operations of the company.

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COMMODITY:

Specialty Mushrooms

**CREDIT HISTORY:
OTHER STATE
AGRICULTURAL
LOANS:**

SEE EXHIBIT A (CONFIDENTIAL)

Approved	Amount	Balance	Loan #	Status
03/22/2005	\$ 437,000	\$ 0	DC-6151	PIF
02/25/2014	329,597	172,087	DH-6353	Current
12/13/2016	800,000	407,069	DA-6406	Current

The renewable energy loan (DH) financed the purchase and installation of a solar photovoltaic system which provides a portion of the farm's electricity needs.

The ownership loan (DA) partnered with Bank of Hawaii to refinance a \$1.7 million commercial real estate loan with Central Pacific Bank with a USDA guaranty.

**LOAN REQUEST
& PURPOSE:**

<u>Amount</u>	<u>Class-A Direct Ownership Loan</u>
\$476,115	Refinance BOH loan (1 st mortgage)
407,609	Refinance DA-6406 (2 nd mortgage)
\$883,724	Total Amount of New Class A Loan

The new Class-A loan will refinance and consolidate the outstanding balance on BOH's commercial real estate loan and State's ownership loan. The consolidation will significantly reduce the annual amount HHFI is required to pay for the 2 obligations and thereby improve cash flow. BOH originally approved its \$900,000 loan on 11/22/2016 and secured it with a first mortgage over two farm properties (listed below) and a blanket lien over all of the company's assets.

<u>Amount</u>	<u>Class-C Direct Operating Loan</u>
\$337,988	Working Capital
135,593	Pay-off loans from shareholders
99,500	Pay-off outstanding balance on BOH line of credit
98,183	Refinance Autoclave & Sensor Equipment loan
94,367	Refinance Autoclave loan
25,975	Refinance Bottle Cleaner loan
\$791,606	Total Class-C Request

Proceeds from the new Class-C loan will be used for working capital and liquidate and/or refinance indebtedness owed to shareholders and various creditors for prior equipment purchases and operating expenses. The new loan will lead to betterment in operational flexibility from the influx of new capital combined with a lower level of debt service.

TERMS:

Class-A Loan

Amount: \$883,724
Term: (30) Thirty years
Interest rate: 4.00%, fixed
Repayment: Monthly principal and interest payments of \$4,219.03 due on the 1st of each month until loan maturity.

Class-C Loan

Amount: \$791,606
Term: (10) Ten years
Interest rate: 4.00%, fixed
Repayment: Monthly principal and interest payments of \$8,014.63 due on the 1st of each month until loan maturity.

SECURITY:

The Class-A loan will be secured as follows:

- A first mortgage on 7.0689 acres of fee-simple farm property and improvements located at 36-219 Manowaiopae Homestead Road, Laupahoehoe, Hawaii identified as TMK: (3) 3-6-003-003. Commercial improvement consists of 15,972 square foot (s.f.) metal warehouse.
- A first mortgage on 9.8175 acres of fee-simple farm property located at 36-239 Manowaiopae Homestead Road, Laupahoehoe, Hawaii, identified as TMK: (3) 3-6-003-037.

The Class-C loan will be secured as follows:

- A second mortgage on 7.0689 acres of fee-simple farm property and improvements located at 36-219 Manowaiopae Homestead Road, Laupahoehoe, Hawaii identified as TMK: (3) 3-6-003-003.

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- A second mortgage on 9.8175 acres of fee-simple farm property located at 36-239 Manowaiopae Homestead Road, Laupahoehoe, Hawaii, identified as TMK: (3) 3-6-003-037.

Loan-to-Value: $\frac{\$883,184 (A) + \$791,606 (C) + \$170,712 (H)}{\$1,741,300 (TMV \#003) + \$513,400 (TMV \#037)} = \frac{\$1,845,502}{\$2,254,700} = 82\%$

The loan-to value calculation is based on assessment information provided by the County of Hawaii Real Property Tax Office and represents the combined total market value (TMV) of the two properties for 2025. Farm assets were not included in the computation as the properties provide ample value.

The Stangas personally own both properties and will be providing an accommodation mortgage for the loan.

Since a third mortgage exists to secure the DH loan, the State Agricultural Loan Division (SALD) recommends the existing mortgage be subordinated to the new loans based on its lower loan amount.

GUARANTORS:

N/A

**FINANCIAL
CONDITION:**

SEE EXHIBIT A (CONFIDENTIAL)

**REPAYMENT
ABILITY:**

SEE EXHIBIT A (CONFIDENTIAL)

INSURANCE:

Hazard and hurricane insurance with the State named as mortgagee.

Evidence of commercial liability insurance coverage for HHFI in the amount of \$2,000,000.

**BACKGROUND/
MANAGEMENT
ABILITY:**

Situated along the Hamakua Coast, HHFI was founded by Janice and Bob Stanga back in 2000, driven by their passion for locally grown food. The farm is situated on 17 acres of land at 700 ft. elevation. Mushrooms are grown, packed, and distributed from a 16,000 s.f. high-cube warehouse. The state-of-the-art, environmentally controlled, production facility is equipped with automated mushroom cultivation equipment, a sterile tissue culture lab, incubation rooms, and six indoor growing rooms. The lab allows for complete control over product quality while the equipment and climate control system provides for consistent year-round production and product delivery.

Using polypropylene bottles filled with a blend of sawdust, wheat bran, and corn cob, the substrate is inoculated, capped, and incubated for a period of several days, then grown in temperature-controlled grow rooms. Growing mushrooms out of a bottle is a method originally developed in Japan and was selected after traditional hand planting was found to be too time consuming and labor intensive. Because the process is automated, bottle cultivation allows for commercial level production. No herbicides, hormones, chemicals, or synthetic fertilizers are used in the grow process. In line with their commitment to sustainability, HHFI repurposes the substrate for local farmers' use across the island, thus promoting crop growth while reducing waste.

The company's signature "Alii" mushroom, distinguished by its hefty and meaty 3-½ inch cap stem can be purchased at Costco, KTA, Foodland, Sack & Save, and Safeway.

Bryan Kozlovich (Janice's son) and his wife Angela Kozlovich joined the company in 2023 and assist with management of day-to-day operations and administration. They are being groomed to succeed the Stangas at some point in the future.

Since joining HHFI, Bryan has installed infrastructure that digitizes record-keeping and improves operational oversight while maintaining strong data protection practices. His expertise continues to safeguard the farm's information system and supports its ongoing growth and modernization.

In addition to her administrative responsibilities, Angela took full responsibility for the farm's food safety programs. Her dedication and attention to detail led to the farm's first-ever 100% score on a third-party Primus food safety audit, an important milestone in the company's history. She continues to lead all compliance efforts, documentation, and staff training to maintain the highest standards in food handling and safety.

SUMMARY:

Through dedication, hard work, and perseverance, the Stangas have made great strides since starting their farm 25 years ago. They are now the major commercial grower of specialty mushrooms within the State and support the local community through the employment of 16 workers.

The proposed loans will assist HHFI by reducing the total amount it pays on its debt obligations. The reduction is viewed as a favorable action taken on behalf of management since it improves the company's operating flexibility and better positions it to withstand the adverse effects in the event of an economic downturn. Despite generating positive cash flow, the officers are cognizant their high-end products may be affected by a weak economy.

The operating loan will further assist the company by providing it with additional cash to fund daily expenses. Working capital is a critical component that ensures operational efficiency, financial stability, risk mitigation, and provides for growth and expansion.

Over the prior 3-year period, HHFI's financial performance and condition was good. Sales and expenses were relatively stable and cash flow strong. Based on historical figures, operations have consistently generated sufficient amounts of cash to cover all of the company's debt service requirements. Despite ample liquidity, HHFI operated with a high degree of leverage, typical for farms with high fixed costs. Net worth remained positive for all periods reviewed.

TURNDOWNS:

The applicant was denied credit from Bank of Hawaii due to the following:

- Cash flow trend inconsistent
- Cash flow insufficient to service debt

A39

A40

RECOMMENDATIONS:

Loan approval is recommended based on the business acumen of Robert and Janice Stanga, the operation's debt servicing capability and proven ability to produce high-quality mushrooms, and collateral offered.

Approval of this loan also constitutes approval for subordination of real estate mortgage position held by SALD loan DH-6353 to the newly proposed Class-A and Class-C loan.

Date

Recommended by:

8/12/25



Gareth Mendonsa
Business Loan Officer

Date

Reviewed and concurred by:

8/13/2025



Richard A. Nichols
Division Administrator

Date

Approved for submission

8-16-25



Sharon Hurd
Chairperson, Board of Agriculture and Biosecurity