

AGRIBUSINESS DEVELOPMENT CORPORATION

Minutes of the Board of Directors Meeting held Virtually on May 20, 2020
Via Teleconference/MS Teams meeting

Considering the evolving COVID-19 situation, protecting the health and welfare of the community is of utmost concern. As such, the meeting was held remotely, with Board members, Staff and Applicants participating via MS Teams meeting venue.

Members Present, virtually:

Sandra Kato-Klutke, Kauai Member (Chairperson)
Lloyd Haraguchi, Member-At-Large
Kevin Hopkins, Hawaii Island Member
Douglas Schenk, Maui Member
Warren Watanabe, Member-At-Large
Phyllis Shimabukuro-Geiser, Chairperson, Board of Agriculture (*joined at 10:00 am*)
Kaleo Manuel, Designated Representative, DLNR, Ex-Officio Member
Mary Alice Evans, Designated Representative, DBEDT, Ex-Officio Member

Counsel Present, virtually:

Andrew Goff, Deputy Attorney General

Staff Present, virtually:

James Nakatani, Executive Director
Myra Kaichi, Sr. Executive Assistant
Lynn Owan, Administrative Services Officer
Ken Nakamoto, Project Manager
Todd Low, Special Projects, Aquaculture Development, HDOA
Lyle Roe, Property Manager

A. Call to Order

Chairperson Kato-Klutke called the virtual meeting to order at 9:00 a.m.

B. Roll Call

Ms. Kaichi conducted a roll call of the Board which also served as an initial roll call vote. The Chair will rest on the written submissions. For each subsequent vote, the Chair will ask if there are any objections. If there are none, motion will be carried on the same basis as the initial roll call vote.

C. Approval of minutes from the February 26, 2020 meeting

Motion to approve: M.A. Evans / Second: D. Schenk

Hearing no questions/objections; motion to approve carried.

Vote: Approved, 7-0

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- D. Request for Approval to Negotiate and Enter Into a Water User Agreement for the Delivery of Irrigation Water from the Bott Well Pump Station, Waialua, Oahu (Staff: K. Nakamoto)

Motion to approve: L. Haraguchi / Second: W. Watanabe

Discussion centered around a few main topics:

Costs to operate

Mr. Manuel asked staff to confirm the average water use per acre: Mr. Nakamoto stated it is over 1,000.

Mr. Manuel asked what is the actual cost for operations/maintenance. Mr. Nakamoto stated that it is unknown as the operation is currently being handled by one farmer. ADC handles the maintenance, water meters, maintenance to the well, etc. Mr. Hopkins raised concerns about ADC subsidizing the cost of this until we get more users; how much is this going to cost ADC to keep this running. He would like to see a more detailed plan on how much is this going to cost, the investment into Whitmore.

Mr. Haraguchi asked about the \$200,000 cost to operate. Mr. Nakamoto explained that it is an estimate. Kelena operates our well for our farmers at their own cost – ADC does not pay them. ADC contracts with ITC for maintenance at about \$100,000 and that added to the costs for past repairs, etc. is what makes up the \$200,000. This agreement will allow us to charge the farmers for water; they currently pay nothing for water.

Rate setting

Mr. Manuel recommended that ADC look into a cost of service study to justify the amount to the tenants so they know exactly what they are paying for. Mr. Watanabe agreed with Mr. Manuel that justifying water rates is important. Mr. Nakatani agreed that the cost study is a good idea but because we don't have all of our farmers, we don't know their patterns; we are still building out our system. He also explained that is just the first step and is asking the board to be patient; in order to move us forward, staff proposed the \$0.89 rate. We took our best guess to keep the costs down as we want the farmers to succeed.

Mr. Schenk asked about the overall purpose of the fee. Mr. Nakamoto clarified that it is to break-even -- we want to cover our costs but also be prepared for any unforeseen major overhauls, catastrophic failures, etc. Mr. Roe added that part of the goal is to have funds available to get the well back up and running as soon as possible should there be an emergency.

Revisit rates

Mr. Schenk pointed out that under item 4, ADC reserves the right to make adjustments so at some point in the future, when appropriate, we can revisit this. Mr. Hopkins asked how frequently the adjustments will be made – farmers need to know this. Chair also asked how if/when we are reviewing for adjustments. Mr. Roe stated that he will add-in a clause that this will be revisited in 2 years.

Other questions

Mr. Manuel asked if ADC reports water usage. Mr. Nakamoto stated, yes.

Mr. Manuel suggested that ADC include in the addendum to the water use agreement, the facility charge fee or meter fee installation. Mr. Nakamoto stated it is in the license agreement but ADC can add it to be consistent.

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Motion to amend submittal: K. Hopkins / Second: W. Watanabe

Mr. Hopkins recommended to amend the submittal to stipulate that the agreement will be reviewed in 2 years.

Hearing no questions/objections, motion to amend submittal carried.

Vote: Approved, 7-0 (*Note: Mr. Manuel voted with reservations*)

Hearing no further questions/objections, motion to approve as amended carried.

Vote: Approved, 7-0 (*Note: Mr. Manuel voted with reservations*)

E. Request for Approval to issue a Land License to Galbraith farmers for Agricultural Purposes in Waialua, Oahu, Tax Map Key (1) 7-1-01-02 (por) (Staff: K. Nakamoto)

1. Glory Herb Farm LLC

Motion to approve: D. Schenk / Second: L. Haraguchi

Mr. Manuel asked to clarify meter information on page 3: Mr. Nakamoto clarified it is one, 2” meter. He also asked if there is a way to include in our agreements, a reporting/tracking method for metrics such as local production vs. export, etc. Mr. Nakatani stated that ADC began tracking last year what is locally produced, where it is growing and the value of that but has not done it formally. As farmers settle-in, it is a good idea to start doing this on a formal basis.

Hearing no further discussion/objections; motion to approve carried.

Vote: Approved, 7-0

2. Bounpheng Farms LLC

Motion to approve: L. Haraguchi / Second: W. Watanabe

Hearing no objections; motion to approve carried.

Vote: Approved, 7-0

3. Island Green Produce, Inc.

Motion to approve: K. Hopkins / Second: L. Haraguchi

Hearing no objections; motion to approve carried.

Vote: Approved, 7-0

4. Zhao Produce

Motion to approve: W. Watanabe / Second: K. Hopkins.

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Mr. Manuel asked whether residency on property is permissible. Mr. Nakamoto stated that it is not. Mr. Zhao has been informed that he cannot build a house on our land.

Hearing no further discussion/objections; motion to approve carried.

Vote: Approved, 7-0

- F. Request for Approval to Issue a License Agreement to SJ Farms, Inc. for Land in Waialua, Oahu; Tax Map Key (1) 7-1-01-03 and (1) 6-5-02-10 (por) (Staff: K. Nakamoto)

Motion to approve: D. Schenk / Second: L. Haraguchi

Mr. Manuel asked about a water installation fee or meter – Mr. Nakamoto stated that they will be subject to the water user agreement which will include the installation fee. Mr. Nakamoto explained that ADC will be offering them the opportunity to submit a request for rent credit as this land has no infrastructure. ADC will subsidize a portion of their installation costs (storage pond, water meter, etc.). Conservation plans are required and limitations are set which are below dam safety standards.

Mr. Hopkins asked for clarification as this property does not have any security or portable toilets. Mr. Nakamoto clarified that the tenant will be providing their own.

Chair asked for a separate submittal at a future time, for the rent credit request.

Hearing no further questions/objections, motion to approve as amended carried.

Vote: Approved, 7-0

- G. Request for Approval to Issue a Land License Agreement to Helemano Farms LLC for Land in Whitmore, Oahu; Tax Map Key (1) 7-1-02-34 (por) (Staff: K. Nakamoto)

Motion to approve: L. Haraguchi / Second: K. Manuel

Mr. Manuel asked whether we do metes and bounds. Mr. Nakamoto stated that we don't require metes and bounds – we leave it to the two tenants to survey it themselves.

Hearing no further questions/objections, motion to approve as amended carried.

Vote: Approved, 7-0

- H. Request for Approval to Issue a Revocable Permit to Ho Farms LLC for Agricultural Purposes, Waialua, Oahu; Tax Map Key (1) 6-5-02-25 (por) (Staff: K. Nakamoto)

Motion to approve: W. Watanabe / Second: D. Schenk

Mr. Manuel asked if they will be subject to the water use agreement. Mr. Nakamoto answered that they would, and that any farmer using Bott Well will be subject to the agreement. Since this is a revocable permit, there are no other charges. It will eventually be opened up for lease. Mr. Nakatani explained that they are taking water (which is metered) from land immediately adjacent to this farming location so will be paying for water.

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Ms. Shimabukuro-Geiser asked how they are doing. Mr. Nakamoto said they are doing well; they are trying to consolidate their operations to Galbraith. Chair asked how Ho Farms is doing during the pandemic. Mr. Nakamoto stated that they are getting direct sales and are doing okay. Mr. Roe stated that ADC's farmers in the area are managing given the situation, with the exception of Kelena Farms.

Hearing no further questions/objections, motion to approve as amended carried.

Vote: Approved, 7-0

- I. Request for Approval to Issue a Revocable Permit to Kelena Farms, Inc. for Land in Waialua, Oahu; Tax Map Keys (1) 6-5-02-11; (1) 6-5-02-06; (1) 6-5-02-08; and (1) 6-5-01-46 (Staff: K. Nakamoto)

Motion to approve: L. Haraguchi / Second: D. Schenk

Mr. Haraguchi asked why we are not doing a long-term lease. Mr. Nakamoto explained that these are 4 parcels recently acquired and that the Applicant is currently on a Dole license (holdover); ADC would like to put ADC terms into effect for the time being. The farmer is working on a request for a long-term license; ADC will likely give them first right of refusal.

Chair asked how long the RP is in effect for. Mr. Nakamoto stated that it is not meant to be long term – hopefully no longer than a year.

Hearing no further questions/objections, motion to approve as amended carried.

Vote: Approved, 7-0

- J. Request for Approval to Terminate RP 1803, Issued to Taiwan Gu and Hawaii Golden Farm LLC for 200 Acres and Issue 10-year License for the Same Parcel, to Hawaii Xing Long Farm and Hawaii Golden Farm Inc., TMK (4)3-9-002:020 (por) (Staff: L. Owan)

Motion to approve: D. Schenk / Second: K. Manuel

Mr. Manuel asked where the water comes from. Ms. Owan stated it comes from the Hanamaulu ditch.

Hearing no further questions/objections, motion to approve carried.

Vote: Approved, 8-0 (*P. Shimabukuro-Geiser joined the meeting; added to vote count going forward*)

- K. Request for Approval to Issue a Land License to Aurora Buno & Arnold Buno for Agricultural Purposes, in Kalepa, Kauai, Tax Map Key (4)3-9-002:020 (por) (Staff: L. Owan)

Chair stated that a letter from the Bunos was received and the Chair asked that both the submittal and the letter be considered. Ms. Kaichi explained that the Bunos are requesting a 10-year license but based upon their history, staff's recommendation is a 2-year lease with an option for an additional 3 years. The Bunos have been unable to secure conventional financing with a short-term license so they are asking for a 10-year license and are putting together a plan for an 80-acre crop rotation agreement with Mr. Taiwan Gu.

Motion to amend submittal: D. Schenk / Second: L. Haraguchi

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Amendment is to provide a 10-year license to include crop rotation with Taiwan Gu.

Mr. Hopkins expressed concern with their poor payment history and does not agree with granting a 10-year license. Mr. Haraguchi is also not comfortable with the proposed amendment of 10 years. Mr. Manuel asked if we have more information on the delinquent account history. Ms. Owan said we do not know the reasons.

Mr. Nakatani pointed out that the [cost] increase is a 100% increase (not 50% as stated in the Bunaos' letter). ADC's position is that they are good people and we want to help them but are not comfortable with the 10-year term and would like more details on the crop rotation agreement. Mr. Manuel suggested including a statement that the formal crop rotation agreement be made available and be subject to Executive Director's approval with delegation from the Board.

Ms. Kaichi shared that there are two concerns: 1) Financial concern and, 2) Crop rotation arrangement concern. Under the Bunaos' proposal, they will have to make a loan payment in addition to their rent payment even if they do the crop rotation with Taiwan Gu. There are concerns that they will not be able to pay their rent.

Mr. Hopkins was fine with a 2-year license but not 10 years. They have a good portion of land that other farmers could be doing diversified farming on and he doesn't want to see that land tied-up.

Mr. Schenk felt that partnering with Taiwan Gu is a good thing for both parties as Taiwan Gu is a successful farmer. Mr. Nakatani explained that Taiwan Gu is seeking more land to expand their operation – especially in Kalepa because soil conditions are good for crops.

Mr. Manuel recommended a deferral and to have Staff ask the following questions of the Bunaos: how much are they borrowing, and for a copy of the crop rotation agreement. Mr. Hopkins made a motion to defer.

Item deferred to the next meeting.

- L. Request for Approval to Withdraw 200 acres for Diversified Agriculture from Unit A (por), Under Revocable Permit (RP) 1802, Issued to William Sanchez, in Kalepa, Kauai, Tax Map Key (4)3-9-002:020 (por) (Staff: L. Owan)

Motion to approve: D. Schenk / Second: W. Watanabe

Chair stated that this land is being given to Taiwan Gu.

Hearing no questions/objections, motion to approve carried.

Vote: Approved, 8-0

- M. Request for Approval to Amend License Agreement No. LI-GA1611 Issued to Ho Farms LLC for Agriculture Purposes, Waialua, Oahu; Tax Map Key (1) 6-5-02-25 (por) (Staff: K. Nakamoto)

Motion to approve: P. Shimabukuro-Geiser / Second: W. Watanabe

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Mr. Nakamoto clarified that this is for their existing 35-year license. They are planning a shade house (see Newsletter) and are in need of power. Because ADC was planning to bring in power, we will pay for a portion of that installation.

Ms. Shimabukuro-Geiser stated that USD announced their CFAP program and urges those who need assistance to apply; they may contact Jason at the FSA office. Federal government has translators available and can assist with applying. Mr. Roe will be sure to relay the info to the farmers.

Hearing no questions/objections, motion to approve carried.

Vote: Approved, 8-0

- N. Request to Approve Thirty-Five Year Lease to University of Hawaii of 68,475 square feet, more or less, designated as Tax Map Key (1)7-4-012-016, located at 1001 California Avenue, Wahiawa, Oahu (Staff: M. Kaichi)

Chair stated that we received seven letters of support from the following organizations:

1. DOE - Leilehua, Miliani and Waialua Complex Areas
2. Wahiawa Community Based Development Organization
3. Hawaii Agricultural Foundation
4. Leilehua Alumni and Community Association
5. Hawaiian Vinegar Company
6. Hawaii Food and Festivals LLC
7. UH Community Colleges

Motion to approve: K. Hopkins / Second: W. Watanabe

Mr. Hopkins asked if he needed to recuse himself as he works for UH but he has no affiliation with this project. Mr. Goff stated that if he has no direct implication to the project, does not need to recuse himself.

Staff will consider all of the Board's concerns/recommendations and will work to include them into the conditions of the agreement with UH if possible. Recommendations from the Board:

1. Mr. Manuel asked whether UH is completing an environmental assessment (EA) to meet the requirements of Statute 343. Mr. Nakatani stated that it is UH's obligation to meet all requirements. Mr. Manuel recommends that we make it explicit in this approval that UH meets compliance with 343 and it is not ADC's responsibility. Mr. Nakatani then received confirmation that an EA was completed for this project last year; UH received a FONSI.
2. Mr. Hopkins would like to set a time limit on the agreement; if no progress has been made in X number of years, we can cancel the lease. Ms. Kaichi explained that UH is trying to encumber funds for this project so they are actually moving quickly. Mr. Hopkins would like to specify that UH must start construction within 10 years but defers to staff and Mr. Nakatani on this item.
3. Chair asked that Ms. Kaichi give an update on this project at the next meeting.

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Other discussion items:

1. Mr. Haraguchi asked about transferring the land to UH. Ms. Kaichi explained that it is an option and is being discussed with UH. UH's immediate need is a lease to start design work so ADC is working to finalize the agreement and will consider the Board's recommendations. ADC will also continue discussions with UH if they want to take title to the property.
2. Mr. Hopkins asked about the rental income. Ms. Kaichi explained that ADC currently receives about \$51,000 annually from three tenants: Colortyme (lease expires next year), Guardian Transport that has an RP which we may terminate at any time, and the third is Verizon which we fought hard to keep. Their rent is \$17,400 annually which we will keep with this lease. But if we quitclaim the property over to UH, we give up everything.
3. Mr. Haraguchi asked whether, instead of giving UH the building, we can we do a land exchange. Mr. Nakatani said no, this is a sensitive situation and our focus is for ADC to get this project moving to benefit the community. A Value-Added Product Center is one of ADC's goals and this is the first time ADC has an opportunity to pursue that.

Hearing no further questions/objections, motion to approve carried.

Vote: Approved, 8-0

O. Executive Director's Report and Updates

1. ADC Newsletter
Mr. Nakatani shared the latest ADC newsletter, Ag Notes, created by Becker; will likely issue them quarterly. ADC is looking for agriculture-related stories for future issues. This issue features Ho Farms farming on Galbraith land.
2. Legislative
Nothing to report as ADC had no bills, then COVID19 cut the session short.
3. Board member nominations
The nominations went well -- came out of committee and headed for the Floor with recommendations to approve. Nominees are:
 - a. Lloyd Haraguchi
 - b. Karen Seddon
 - c. Fred Lau
 - d. Warren Watanabe
 - e. Kevin Hopkins

Mr. Nakatani stated that there is another vacancy as Mr. Yuki Kitagawa has resigned his position.

4. Audit
Mr. Hopkins asked about the status of the audit. Ms. Kaichi stated that the management side of the audit is complete and they are preparing their report. On the financial side, Ms. Owan stated ADC

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is almost complete with the trial balance. During the first weeks of August, the auditors will spend time in both offices (ADC and WWS) to look through records. The legislative auditor's accountant, Acuity, is going to begin their portion of the audit.

5. Kauai

Chair gave an update on Kauai's storm damage. With the March 28 heavy rains, the Kalepa roads and stream crossings were severely damaged; the Kalepa Coalition will manage that. In Kekaha, the storm caused the ditches to overflow; being handled by the Kekaha Ag Association.

P. Adjourn

Motion to adjourn: P. Shimabukuro-Geiser / Second: K. Hopkins

Meeting was adjourned at 11:14 a.m.

Respectfully submitted,

Lori Nakamura
ADC Executive Secretary

DAVID Y. IGE
Governor

JOSH GREEN
Lt. Governor



Item D

JAMES J. NAKATANI
Executive Director

STATE OF HAWAII
AGRIBUSINESS DEVELOPMENT CORPORATION
235 S. Beretania Street, Room 205
Honolulu, HI 96813
Phone: (808) 586-0186 Fax: (808) 586-0189

July 22, 2020

Subject: Request for Approval to Issue a Land License to Aurora Bunao & Arnold Bunao for Agricultural Purposes, in Kalepa, Kauai, Tax Map Key (4)3-9-02-20 (por); Deferred on May 20, 2020

Applicant: Aurora Bunao & Arnold Bunao

Authority: Section 163D-4(a)(5), Hawaii Revised Statutes

Area: 179 acres, more or less

Field No. Unit C (por)

Tax Map Key: (4)3-9-02-20 (por)

Land Status: Encumbered by Governor's Executive Order 4328 and 4401, respectively to the Agribusiness Development Corporation (ADC) for agricultural purposes.

Trust Land Status: Section 5(b) lands of the Hawaii Admissions Act

DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: Yes X No ___

Character of Use: Ranching and Diversified Agriculture

License Term: 10 years

Base Rental Rate: \$100.00/acre/year

BACKGROUND:

The history of Mr. Sanchez' ADC Kalepa land tenures was extensively set forth at the May 20, 2020 ADC board meeting. See May 20, 2020 submission, Exhibit D-1. After much discussion over the Applicants' historical arrearages, their financial strength and capabilities, and the lack of details of a proposed crop rotation arrangement with

neighboring sweet potato farmer Taiwan Gu, the matter was deferred pending resolution of these issues.¹

Also at the last meeting, the board was incorrectly advised that the Bunao's were seeking a loan to help with their capital improvements. In fact, the Bunao's were pursuing a US Dept. of Agriculture, Natural Resources Conservation Service Working Lands Conservation Programs grant, a part of the 2018 Farm Bill ("NRCS grant"). One of the goals of the NRCS grant program is to assist farmers and ranchers improve their farms' and ranch's resiliency and profitability. Unlike a loan, Applicants will not have to repay, and therefore will not have any debt service from the NRCS grant.

LAND REQUEST:

The subject area, identified as Unit C (por), is approximately 179 acres. Of these 179 acres, ADC has been advised that abutting landowner Grove Farm has been encroaching on approximately 6 acres along the southern border of Unit C. Applicant does not object to this encroachment and will be negotiating reasonable compensation for these 6 acres directly with Grove Farm. The encroachment was an historical use of lands to move cattle from one side of a ravine to the other. ADC does not have any objections to the Grove Farm use of 6 acres as long as the Applicant does not object. As has been the policy of ADC since issuing licenses and revocable permits to the Kalepa lands over the last 10 years, the Unit C lands were intended to be used to increase diversified agriculture; ranching activities were allowed as an interim activity until suitable farmers could be found to work the land.

LAND UTILIZATION PLAN and PAST CONCERNS:

After the prior two deferred requests, Applicants have submitted an explanation of the rotation of their livestock, their income projections, a proposed Farm Lease Agreement (crop rotation agreement), and evidence of condition NRCS grant approval for \$61,345. See packet, Exhs D-2 through D-5. Note: Contrary to the information contained in the packet, Applicants' current rent is \$745.83/month (stated as \$733). Their acreage is 179 acres (stated as 176 acres, but as mentioned above, 6 acres are actually used by Grove Farm for which Applicants will be negotiating a reasonable compensation directly with Grove Farm.) Applicants' income projections indicate that over a 12 month period, they anticipate a profit of approximately \$10,000.

Under the proposed crop rotation arrangement with Taiwan Gu, Applicants will receive \$150/acre/year, an income cushion of \$50/acre/year to cover taxes, insurance, and other incidental costs.

The NRCS grant award is conditioned upon Applicant confirming their interest in the award, and on securing ADC's concurrence with the alterations and improvements

¹ Applicants similarly requested a new license at the ADC board meeting held on December 11, 2019 as LI-KA1406 expired on November 30, 2019. That was request was also deferred for the same reason, and for the additional reason that Applicants were carrying an arrearage in excess of \$10,000.

affecting ADC lands. ADC has executed the landowner concurrence form on Applicants' behalf. Applicants anticipate receiving a grant of \$61,345.58 to cover the costs of additional fencing, pipelines, a watering facility and other ranching necessities.

CONSERVATION PLAN:

The applicant is required to develop a conservation plan and submit for acceptance to the ADC.

CONCLUSION:

The subject area has been identified as ideal lands for diversified agriculture because of its soil quality, topography and access to water. With a growing demand from crop farmers for land in Kalepa, which currently has no vacancies, the ADC is reluctant to issue a long-term license at a low rate for cattle ranching on this high-valued Unit. However, Applicants are willing to rotate their fields with diversified crops as a response to this concern. Moreover, the practice of planting feed crops in lieu of allowing fields to fallow has provided greater returns to agriculture, and research indicates that sweet potato as a rotational crop to cattle has little or no impact on the quality of the food crop. The University of Hawaii is also able to assist and advise the Applicants and Taiwan Gu as they venture into this newer practice, already in place in other states.

ADC is recommending a ten-year term license and a base rental rate of \$100 per acre per year to reflect the going diversified agriculture rate for land in Unit C, and to test the viability of rotation between root crops and cattle.

RECOMMENDATION:

Approve the issuance of a land license to Aurora Bunao & Arnold Bunao for agricultural purposes subject to the following conditions:

1. The term of the license shall be for 10 years;
2. Base rental fee for 179 acres shall be \$100/acre/year; or \$17,900 annually; or \$1,491.67 per month.
3. Failure to pay monthly rent promptly, not more than 90 days delinquent, may result in the termination of the lease.
4. The Licensee is required to pay a monthly maintenance fee to the Kalepa Coalition.
5. The Licensee shall enter into a crop rotation agreement in substantially the terms and conditions contained in the draft Farm Lease Agreement, subject to review and amendment by the Attorney General's office, but shall not otherwise sublicense the whole or any portion of their premises without the prior written approval of the ADC Board.

6. Within 12 months of this approval, the Licensee and Taiwan Gu shall secure a soil and water conservation plan to ensure that rotational practices will not impact the drainage and erosion of the Unit C resources. The Executive Director shall be delegated the authority to accept or reject the plan.

Respectfully submitted,



James J. Nakatani
Executive Director

DAVID Y. IGE
Governor

JOSH GREEN
Lt. Governor



Item K

JAMES J. NAKATANI
Executive Director

Item D, Exhibit D-1
ADC Board Meeting
July 22, 2020

STATE OF HAWAII
AGRIBUSINESS DEVELOPMENT CORPORATION

235 S. Beretania Street, Room 205
Honolulu, HI 96813
Phone: (808) 586-0186 Fax: (808) 586-0189

May 20, 2020

Subject: Request for Approval to Issue a Land License to Aurora Bunao & Arnold Bunao for Agricultural Purposes, in Kalepa, Kauai, Tax Map Key (4)3-9-002:020 (por)

Applicant: Aurora Bunao & Arnold Bunao

Authority: Section 163D-4 (a) (5), Hawaii Revised Statutes

Land Area: 179 acres, more or less

Field No. Unit C (por)

Tax Map Key: (4)3-9-002:020 (por)

Land Status: Encumbered by Governor's Executive Order 4328 and 4401, respectively to the Agribusiness Development Corporation (ADC) for agricultural purposes.

Trust Land Status: Section 5(b) lands of the Hawaii Admissions Act
DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: Yes X No ___

Character of Use: Ranching and Diversified Agriculture

License Term: 2 years with 3-year option to extend

Rate: \$100.00/acre/year

BACKGROUND:

The Kalepa lands and its existing tenants were transferred from the Department of Land and Natural Resources (DLNR) to the Agribusiness Development Corporation (ADC) pursuant to Governor's Executive Order 4328 and 4401. The existing tenants, which includes the Applicant, had DLNR 30-day revocable permits at the time the land and existing agreements were assigned to ADC. In 2013, when ADC began issuing license agreements, the existing tenants in Kalepa were given the choice of being issued a

license or remain on 30-day revocable permits (RP). While the base rental rate under an RP was less than the base rental rate under a license, the existing tenants were informed that under an RP the ADC has the right to withdraw a portion of or the entire property at any given time with a 30-day written notice.

The Applicant opted for a license and was issued a 5-year license agreement for Unit C, which is a total of 179 acres (175 acres for cattle ranching and 4 acres for diversified agriculture). Since Units A, B, and C are irrigated lands and have a higher appraised value, the base rental rate for ranching on these Units was \$50 per acre per year and \$100 per acre per year for diversified agriculture use. On December 15, 2014, ADC received a letter from the Applicant requesting that their license agreement character of use be changed from ranching and diversified agriculture to ranching only. Their current base rental rate for total 179 acres is \$50 per acre per year; or \$9,795 annually; or \$816.25 per month.

The Applicant has about 80 head of cattle in their pasture, which is in fair to good condition. The Applicant recently purchased a tractor mower to maintain the tall grass to keep the pasture viable for cattle grazing. As tenants, they have been repeatedly delinquent on their rent payments. The Applicant is current today after paying \$10,400 in back rent to the ADC upon receiving notice that their license was reopening. They requested a 10-year license and an incremental rent increase. However, no proposed payment schedule was submitted with their request.

LAND REQUEST:

The subject area, identified as Unit C (por), is approximately 179 acres. The land is relatively flat and has access to irrigation water through open ditches. Unit C is considered ideal crop land because of its features. It should be noted that the ADC Board intentions at the time the Kalepa lands were assigned to ADC was to increase diversified agriculture on Units A, B, and C, which includes the subject area.

LAND UTILIZATION PLAN:

The Applicant plans to maintain their cattle operation and grow more diversified agriculture, which include but is not limited to, bananas and fruit trees. However, the applicant's land utilization plan did not provide the specific details (acreage, type of crop, etc.).

CONSERVATION PLAN:

The applicant is required to develop a conservation plan and submit for acceptance to the ADC.

CONCLUSION:

The subject area has been identified as ideal lands for diversified agriculture because of its topography and access to water. With a growing demand from crop farmers for land in Kalepa, which currently has no vacancies, the ADC is reluctant to issue a long-term license at a low rate for cattle ranching on this high-valued Unit. Furthermore, the

Applicant's account payment history has been poor. For these reasons, the ADC is recommending a shorter-term license and a base rental rate of \$100 per acre per year to reflect the going diversified agriculture rate for land in Unit C.

RECOMMENDATION:

Approve the Issuance of a Land License to Aurora Bunao & Arnold Bunao for agricultural purposes subject to the following conditions:

- 1) The term of the license shall be for 2 years with the option of renewing for an additional 3 years;
- 2) Base rental fee for 179 acres shall be \$100/acre/year; or \$17,900 annually; or \$1,491.67 per month.
- 3) Failure to pay monthly rent promptly, not more than 90 days delinquent, may result in the cancellation of the 3-year extension option.
- 4) The Licensee is required to pay a monthly maintenance fee to the Kalepa Coalition.
- 5) The Licensee shall not sublicense the whole or any portion of their premises without the prior written approval of the ADC Board.

Respectfully submitted,

James J. Nakatani
Executive Director

From: Arnold S. Bunao
 4264 Lawehana Street
 Lihue, Hawaii 96766
 808-634-8929

To: Agribusiness Development Corporation
 235 S Beretania St # 205
 Honolulu, HI 96813
 808-586-0186

July 10, 2020

Dear State of Hawai'i ADC Board of Directors,

I would like to take this time to submit a Supplemental Proposal for a long-term lease on behalf of my current parcel, located on Ma'alo Road (Parcel C) on the island of Kaua'i. As we all understand, most leases run from year to year. However, a long-term lease (for example, five years or more) allows a tenant to invest in sustainable practices, which in turn can lead to increased soil health, higher crop yields, and added value to farmland.

This piece of agricultural land has been a part of our family for more than twenty years. My father, Rudulfo "Rudy" Bunao has maintained and took great pride when it came to caring for his livestock and crop fields. Unfortunately, in 2010 my father suddenly passed away as he suffered a major heart attack while working at the farm. Thankfully, he has passed his farming skills and responsibility down to me and I have been carrying on his legacy ever since.

With that being said, we would like to continue our lease for the next ten to fifteen years. I would like to show you a breakdown of the crops, livestock, acreage, projection plan we have set in place and our reasoning for a long term lease. Before doing so, I would like you to view *Table 1* as I explain the basic livestock per acre required by the State of Hawaii Livestock Regulations. After reviewing, please see *Table 2* as it shows accurate numbers of livestock per acreage that we currently have. *Table 3* will show you the breakdown of our cattle rotation.

TABLE 1: State of Hawai'i Livestock Acreage Regulation

LIVESTOCK	# OF LIVESTOCK	# OF ACRE REQUIRED
CATTLE	1	1 – 1.5 ACRES
ADULT HORSE	1	2 ACRES
GOAT	2-4	1 ACRE

TABLE 2:

This table will break down the current count of livestock and crop we are maintaining.

LIVESTOCK	# OF LIVESTOCK/ CROP	# OF ACRE REQUIRED	ACTUAL ACRES USED
Cattle: <ul style="list-style-type: none"> • 85 Mother Cows • 4 Bulls • 40 Calves 	120	120	100 acres *20-40 calves will drink milk, not eat grass
Horse	8	16	16
Banana Trees	30		.5

TABLE 3: Breakdown of Cattle Rotation

CATTLE	CURRENT AMOUNT	EXPLANATION
Calves	40	20 Calves are 'worked' and 'shipped out' to the mainland per month. <i>(depending on price per lb)</i>
Bulls	4	Bulls are kept for 5-7 yrs or until they stop "producing."
Mother Cows	85	Lifespan of each mother cow is approximately 6-9 years.

Term Clarification:

"Worked"	Calves are vaccinated, castrated, branded <i>(this happens every other month)</i>
"Ship out"	Calves <i>(that meet the approved weight requirement)</i> get shipped to the mainland for beef production.

We currently lease one hundred seventy-six (176) acres of farmland. Please review **Table 4** to better understand how we are using our acreage and our cost breakdown including the new lease amount presented by ADC and fees that we are responsible for monthly.

TABLE 4: Monthly Total acreage and Cost

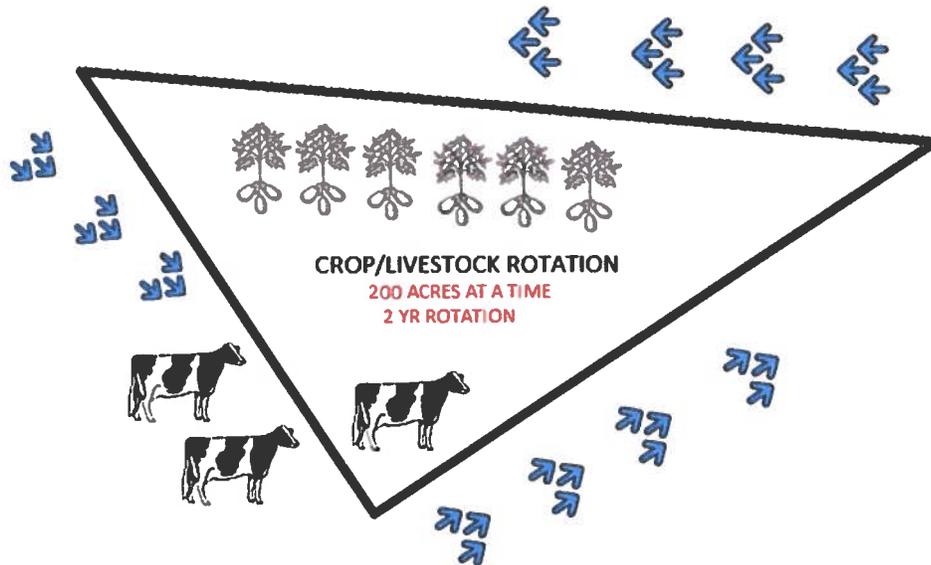
Type of Fees	Current Fees	New Fees <i>(beginning at the start of new lease)</i>
Monthly Lease	\$733.00 <i>(\$4.15 per acre)</i>	\$1,466.00 <i>(\$8.30 per acre)</i>
<u>Insurance</u>	\$60.00 <i>(\$700 annually)</i>	\$60.00 <i>(\$700 annually)</i>
Kalepa Koalition	\$100.00	\$100.00
Property Tax	\$40.00 <i>(\$240 every 6 months)</i>	\$40.00 <i>(\$240 every 6 months)</i>
GRAND TOTAL PER MONTH	\$933.00	\$1,670.00

Referring to Table 4, the following expenses; Insurance and County Property Tax fees are only paid bi-annually and annually, in accordance to our contract we have with specific agencies. Although payments are made at their respected dates, we have factored in each expense monthly into our farm budget to ensure fees will be taken cared of at the correct times.

Being that we have monthly expenses to properly maintain all 176 acres; including our livestock, we have set a projection plan in place to ensure we are able to upkeep and maintain our designated farmland. *(Parcel C)* Our projection plan will show you how we will be able to comfortably afford our long term lease. We do understand the importance of our financial standings and that it will be taken into consideration. Please review **Table 5** on the next page.

Thankfully, we have agreed on specific terms and conditions with fellow farmer, Taiwan Gu. He and I both have agreed (Please review Contract Agreement attached to this proposal package) on a two-year crop and livestock rotation during the duration of our lease to help maintain and utilize our farmland acreage. This rotation will ensure and help us have the best quality soil and grass to nourish his crops and my livestock. Please review **Table 6** to better understand our agreed rotation plan.

Table 6: Rotation Plan Agreement



In addition, we recently submitted an application with Natural Resources Conservation Service (NRCS) and we have been approved for a grants to help us make the necessary improvements to our Parcel. I have attached a copy of the letter we received from the agency with the disclosed amount being granted to us.

In conclusion, we hope this proposal letter has brought you the clarification and understanding that was needed to make the best decision for both you, the ADC Board and ourselves. We have included all aspects and believe we covered all topics you will need to grant us a long term lease of farmland at our current Parcel on Ma'alo Road. Should there be any questions or concerns, please feel free to contact us. Thank you for your time and consideration.

Sincerely,

Arnold S. Bunao

Table 5

MONTH 2020	TYPE OF INCOME	TOTAL INCOME	TYPE OF EXPENSES refer to Table 4 for expense breakdown	TOTAL EXPENSES	PROFIT INCOME	ROLL OVER INCOME
January	Cattle Ship out 2,700.00 Banana Crop 450.00	\$3,150.00	Lease + Fees: 933.00 Cattle Vaccines: 400.00	- \$1,333.00	\$1,817.00	\$1,817.00 (+ to Feb)
February	Cattle Ship out 2,700.00 Banana Crop 450.00	\$3,150.00 + \$1,817.00 (Jan.) = \$4,967.00	Lease + Fees: 933.00	- \$933.00	\$4,034.00	\$4,034.00 (+ to Mar)
March	Cattle Ship out 2,700.00 Banana Crop 450.00	\$3,150.00 + \$4,034.00 (Feb) = \$7,184.00	Lease + Fees: 933.00	- \$933.00	\$6,251.00	\$6,251.00 (+ to Apr)
April	NO INCOME	\$6,251.00 (Mar)	Lease + Fees: 933.00	- \$933.00	\$5,318.00	\$5,318.00 (+ to May)
May	Cattle Ship out 2,700.00 Banana Crop 450.00	\$3,150.00 + \$5,318.00 (Apr) = \$8,468.00	Lease + Fees: 933.00	- \$933.00	\$7,573.00	\$7,573.00 (+ to Jun)
June		\$7,573.00 (May)	Maintenance: \$2,500.00 Lease + Fees: 933.00	- \$3,433.00	\$4,041.00	\$4,041.00 (+ to Jul)
July	Cattle Ship out 2,700.00 Banana Crop 450.00	\$3,150.00 + \$4,041.00 (Jun) = \$7,191.00	Lease + Fees: 933.00	- \$933.00	\$6,258.00	\$6,258.00 (+ to Aug)
August	Potato Farmer 1,000.00	\$1,000.00 + \$6,258.00 (Jul) = \$7,258.00	Lease + Fees: 933.00	- \$933.00	\$6,325.00	\$6,325.00 (+ to Sept)
September	Cattle Ship out 2,700.00 Banana Crop 450.00 Potato Farmer 1,000.00	\$4,150.00 + \$6,325.00 (Aug) = \$10,475	Lease + Fees: 933.00	- \$933.00	\$9,542.00	\$9,542.00 (+ to Oct)
October	Potato Farmer 1,000.00	\$1,000.00 + \$9,542.00 (Sept) = \$10,542	Lease + Fees: 933.00	- \$933.00	\$9,609.00	\$9,609.00 (+ to Nov)
November	Cattle Ship out 2,700.00 Banana Crop 450.00 Potato Farmer 1,000.00	\$4,150.00 + \$9,609.00 (Oct) = \$13,759.00	Lease + Fees: 933.00	- \$933.00	\$12,826.00	\$12,826.00 (+ to Dec)
December	Potato Farmer 1,000.00	\$1,000.00 + \$12,826.00 (Nov) = \$13,826.00	Lease + Fees: 933.00 Maintenance: \$2,500.00	- \$3,433.00	\$10,393.00	\$10,393.00 (Year End)

FARM LEASE AGREEMENT

State of Hawaii

This Lease Agreement is entered into and made effective as of the date set forth at the end of this document by and between the following Landlord: ARNOLD BUNAO (the "Landlord")

and the following Tenant: TAIWAN GU (the "Tenant").

Landlord and Tenant may be collectively referred to as the "Parties".

In consideration of the obligations and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties do contract and agree as follows:

PREMISES

Landlord, in consideration of the lease payments provided in this Lease, leases to Tenant the following property (the "Premises") described below:

80 ACRES OF LAND INCLUDING 2 YEAR CROP ROTATION FOR THE NEXT 10-15 YEARS.

The Premises is located at the following address:

MA'ALO ROAD, PARCEL C

LEASE TERM

This Lease shall commence on the date of June 1st, 2020 and shall continue until its natural termination under this part on the date of June 1st, 2040 at 11:59 PM.

After the date of termination, this Lease shall automatically renew and shall continue for the same term amount until Landlord or Tenant undertake cancellation of this Lease in writing.

At the expiration of this Lease, Tenant shall be responsible for providing a forwarding address to Landlord to receive any funds owed or other notices.

POSSESSION

Tenant shall be entitled to possession on the first day of the term of this Lease, and shall yield possession to Landlord on the last day of the term of this Lease, unless otherwise agreed by all Parties in writing.

At the expiration of this term, Tenant shall remove their goods and effects and peaceably yield up the Premises to the Landlord in as good condition as when delivered to Tenant, ordinary wear and tear excepted.

LEASE PAYMENTS

Tenant shall pay to Landlord lease payments of \$1,000 (one thousand US dollars) each month.

The rent shall be payable in advance on the 1st (first) of each month. No holidays, special events, or weekends shall negate Tenant's obligation to pay timely Rent.

Rent payments shall be made to the Landlord and hand delivered to either Arnold or Kimberly Bunao.

NO PARTNERSHIP

Nothing in this Lease shall create a Partnership, joint venture, contractor, employment, or any other relationship between the Landlord and the Tenant, than that of Landlord and Tenant. No Parties shall be liable, except as otherwise expressly provided herein, for the other Party's obligations or liabilities. Tenant shall indemnify and hold Landlord and their property, including the Premises,

free and harmless from all obligations and liabilities incurred by Tenant in conducting farming or other operations on the Premises, whether under this Lease or otherwise.

USE OF PREMISES

The Premises shall be used for the purposes of planting, growing, and harvesting of crops; the feeding, pasturing, maintenance, and production of agricultural livestock; and other related farming activities. The Premises shall not be used for any other purpose without Landlord's prior written consent. Tenant shall carry on all of the activities specified above in accordance with good husbandry and the best practices of the local farming community in which the leased Premises are situated.

Tenant shall, at Tenant's cost and expense, comply with any and all laws, ordinances, rules, regulations, requirements, and orders present or future, of any federal, state, county, or municipal governments which may in any way apply to the use, maintenance, operations, or production of crops on the leased Premises, or the sale or disposition of those crops.

Tenant agrees not to apply pesticides, insecticides, fungicides, herbicides, or other chemical treatments that will have a residual effect beyond the term of this Lease except without the express prior written consent of the Landlord.

PROPERTY INSURANCE

Landlord and Tenant shall each be responsible to maintain appropriate insurance for their respective interests in the Premises and property located on the Premises.

MAINTENANCE

Both parties shall be responsible for performing the following maintenance tasks on the Premises during the length of the Lease:

FENCE REPAIR AND UPKEEP - AMOUNT FOR REPAIRS WILL VARY AND IS TO BE DISCUSSED BETWEEN BOTH PARTIES.

TERMINATION UPON SALE OF PREMISES

Landlord may terminate this Lease upon sixty (60) days' written notice to Tenant that the Premises have been sold.

Should the Property be sold to anyone other than the Tenant, Tenant will be given a reasonable opportunity and allowance to complete the current growing season and harvest any crops thereon.

DESTRUCTION OR CONDEMNATION OF PREMISES

If the Premises are damaged or destroyed by fire or other casualty to the extent that enjoyment of the dwelling unit or farmland is substantially impaired, Landlord in their sole discretion, may elect to repair the Premises or terminate the Lease upon thirty (30) days' written notice to Tenant. If the Premises are condemned or cannot be repaired, this Lease will terminate upon thirty (30) days' written notice by either Party.

DEFAULTS

Tenant shall be in default of this Lease if Tenant fails to fulfill any Lease obligation or term by which the Tenant is bound in this Lease. Subject to any governing law that states otherwise, if Tenant fails to cure any financial obligation within thirty (30) days (or any other obligation within sixty (60) days) after written notice of such default is provided by Landlord to Tenant, Landlord may take possession of the Premises without further notice (to the extent permitted by law), and without foreclosing Landlord's ability to recoup damages.

Alternatively, Landlord may elect to cure any default themselves and the cost of such action shall be added to Tenant's financial obligations under this Lease. Tenant shall pay all costs, damages, and expenses (including reasonable attorney fees and expenses) suffered by Landlord as a direct result of Tenant's default. All sums of money or charges Tenant is required to pay under this Lease shall be additional rent, whether or not such sums or charges are designated as "additional rent." The rights provided by this section are cumulative in nature and

are in addition to any other rights afforded by law.

LATE PAYMENTS

For any payment that is not paid *within 5 days of its due date*, Tenant shall pay a late fee of \$50 (fifty US dollars) per day, beginning the sixth day of each month and ending when Tenant makes the required rent payment.

HOLDOVER

If Tenant maintains possession of the Premises for any period after the termination of this Lease (the "Holdover Period"), Tenant shall pay to Landlord lease payment(s) during the Holdover Period at a rate equal to 150% (one hundred and fifty percent) of the most recent rate preceding the Holdover Period. Such holdover shall constitute a month-to-month extension of this Lease.

CUMULATIVE RIGHTS

The rights of the Parties under this Lease are cumulative, and shall not be construed as exclusive unless otherwise required by law.

REMODELING AND STRUCTURAL ADDITIONS

Tenant shall have the obligation to conduct any construction or remodeling (at their expense) that may be required to use the Premises as specified above.

Tenant may also construct such fixtures on the Premises (at their expense) that appropriately facilitate its use for such purposes. Such construction shall be undertaken and such fixtures may be erected only with the prior written consent of Landlord which shall not be unreasonably withheld. At the end of the Lease term, Tenant shall be entitled to remove (or at the request of the Landlord, shall remove) such fixtures, and shall restore the Premises to substantially the same condition of the Premises at the commencement of this Lease.

LANDLORD ACCESS TO PREMISES

Subject to Tenant's consent (which shall not be unreasonably withheld), Landlord shall have the right to enter the Premises to make inspections, provide necessary services, or show the unit to prospective buyers, mortgagees, tenants, or workers. However, Landlord does not assume any liability for the care or supervision of the Premises.

As provided by law, in the case of an emergency, Landlord may enter the Premises without Tenant's consent. During the last three months of this Lease, or any extension of this Lease, Landlord shall be allowed to display the standard "For Rent" signs and show the Premises to prospective Tenants.

HAZARDOUS MATERIALS

Tenant shall not keep or have on Premises any article or thing of a dangerous, flammable, or explosive character that might substantially increase the danger of fire on the Premises, or that might be considered hazardous by a responsible insurance company, unless the prior written consent of Landlord is obtained and proof of adequate insurance protection is provided by Tenant to Landlord.

MECHANICS LIENS

Neither Tenant nor anyone claiming through the Tenant shall have the right to file other kind of lien on the Premises and the filing of this Lease constitutes notice that such liens are invalid. mechanics liens or any

Further, Tenant agrees to give actual advance notice to any contractors, subcontractors, or suppliers of goods, labor, or services that such liens will not be valid and take whatever additional steps that are necessary in order to keep the Premises free of all liens resulting from construction done by or for the Tenant.

SUBORDINATION OF LEASE

This Lease is subordinate to any mortgages that now exist, or may be given later by Landlord, with respect to the Premises.

SUBLETTING/ASSIGNATION

Tenant may not assign or sublease any interest in the Premises, nor assign, mortgage, or pledge this Lease, without the prior written consent of Landlord, which shall not be unreasonably withheld.

EARLY TERMINATION

The Tenant does have the option to terminate the Lease prior to the natural end of the Lease term.

The Landlord shall allow the Tenant to quit or terminate the Lease via a penalty of \$1,000 (one thousand US dollars).

NOTICES

Notices given under this Lease or other applicable Hawaii law shall be given in writing by and to both parties. Notices by Tenant to Landlord shall not be considered complete until actual receipt by Landlord and shall be sent or delivered to the address noted for payment of Rent. Landlord or Landlord's agents, including any property managers, secretaries, or assistants, shall accept demands and/or service of process at the same address. Notices by Landlord to Tenant shall be deemed delivered when deposited in the mail to the address of the Property or hand delivered or placed in the mailbox of Tenant at the Property. Notices by Landlord to Tenant shall also be deemed delivered if addressed to a last known post office box address of Tenant.

GOVERNING LAW

This Lease shall be construed in accordance with the laws of the State of Hawaii.

ENTIRE AGREEMENT

This Lease Agreement contains the entirety of the agreement between the parties and there are no other promises, conditions, understandings, or other agreements, written or oral, relating to the subject matter of this Lease. This Lease may be modified or amended in writing if the writing is signed by the party

obligated under the Amendment.

SEVERABILITY

If any part of sub-part of this agreement is deemed invalid by court order, judgment or other operation of law, the remaining parts and sub-parts of this agreement shall remain valid and enforceable to the fullest extent.

HEIRS AND ASSIGNS

Tenant may not transfer or assign this Lease or any portion of this Lease to a third party. Notwithstanding the foregoing, all covenants of this Lease shall succeed to and be binding upon any heirs, executors, administrators, successors, and assigns of the parties.

NO WAIVER

If Landlord fails to enforce strict performance of any part or sub-part of this Lease, this shall not be construed as a waiver of Landlord's right to enforce the same part or sub-part later in time or to enforce any other part or sub-part.

BINDING

The provisions of this Lease shall be binding upon and inure to the benefit of both parties and their respective legal representatives, successors, and assigns.

IN WITNESS WHEREOF, this Lease has been executed and delivered in the manner prescribed by law as of the Effective Date written below.

ARNOLD BUNAO

Signature: _____

Date: _____

TAIWAN GU

Signature: _____

Date: _____



6/10/2020

Item D, Exhibit D-5
ADC Board Meeting
July 22, 2020

Arnold S. Bunao
4264 Lawehana St.
Lihue, HI 96766

Application #: 7492512005Y

Dear Arnold Bunao,

We have completed the initial assessment and evaluation of your Natural Resources Conservation Service (NRCS) EQIP application and have determined that it meets the priorities established for one or more ranking pools and may receive funding. Before moving forward, we would like to confirm you are still interested in a conservation program contract if selected for funding.

Based on the initial assessment and the selected conservation practices or activities, we estimate a total contract amount of \$61,345.58. If your application is selected for funding, the actual contract amount may change as a result of payment limitations, contract limitations, or other required reductions as explained in the program contract appendix.

In addition, our records indicate that NRCS may be missing information required to complete your request for program enrollment. Please review the enclosed Conservation Program Application Checklist which indicates the items NRCS needs to complete your eligibility and develop the contract documents. The selection of funding cannot be made until this information has been received and the application determined eligible accordingly.

Please contact me at the local NRCS office at (808) 245-9014 ext. #3 to discuss your application and to confirm your intent to proceed with a contract if selected for funding. If we do not hear from you within 30 calendar days from the date you receive this letter, NRCS may not be able to select your application for funding during this current funding cycle and it would be deferred and reassessed during the next funding cycle.

Sincerely,

Jenna Dunn
District Conservationist

Landowner Concurrence Form to Install Structural or Vegetative Conservation Activities Clear Form

This form is used for the applicant to obtain written documentation of landowner concurrence for the purpose of installing structural or vegetative conservation activities on land they lease. Structural and vegetative conservation activities are those conservation activities with a lifespan greater than one year.

Applicant Name: Bunao		Landowner Name: AGRIBUSINESS DEVELOPMENT CORPORATION	Date Prepared: 6/26/2020
Application No. 7492512005Y		Farm Name (opt):	
Conservation Activity:	Farm No. & Tract No.	Field Nos.	Lifespan*(yrs)
1. Fence	F: 1094 T:1508	1, 3 &4	20
2. Livestock pipeline	F: 1094 T:1508	1-4	20
3. Watering facility	F: 1094 T:1508	1-4	10
4. Heavy use area protection	F: 1094 T:1508	1-4	10
5. Prescribed grazing	F: 1094 T:1508	1-4	1
6.			
7.			
8.			
9.			
10.			

* The practice lifespan is the period in which the conservation activities are to be used and maintained for their intended purposes, as defined by NRCS standards.

Landowner Concurrence

By signing this form, I, the landowner, hereby agree that the above-named applicant, if awarded a contract with the USDA Natural Resources Conservation Service (NRCS,) has permission to install and maintain conservation activities on the land identified. I understand that I am not a party to any contract between NRCS and the applicant to install the above-listed conservation activities.

Landowner Signature:  _____ Print Name: James J. Nakatani Date: JUN 26 2020

Non-Discrimination Statement

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident. Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English. To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at How to File a Program Discrimination Complaint and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights 1400 Independence Avenue, SW Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov. USDA is an equal opportunity provider, employer, and lender.

DEPT OF AGRICULTURE
 AGRIBUSINESS DEV CORP
 JUN 24 AM 11:14

DAVID Y. IGE
Governor

JOSH GREEN
Lt. Governor



Item E

JAMES J. NAKATANI
Executive Director

STATE OF HAWAII
AGRIBUSINESS DEVELOPMENT CORPORATION

235 S. Beretania Street, Room 205
Honolulu, HI 96813
Phone: (808) 586-0186 Fax: (808) 586-0189

July 22, 2020

Subject: Request to Reconsider Approval to Withdraw 200 acres for Diversified Agriculture from Unit A (por), Under Revocable Permit (RP) 1802, Issued to William Sanchez, in Kalepa, Kauai, Tax Map Key (4)3-9-02-20 (por)

Applicant: William J. Sanchez

Authority: Section 163D-4(a)(5), Hawaii Revised Statutes

Area: 200 acres

Field No: Unit A (por)

Tax Map Key: (4)3-9-02-20 (por)

Land Status: Encumbered by Governor's Executive Order 4328 and 4401, respectively to the Agribusiness Development Corporation (ADC) for agricultural purposes.

Trust Land Status: Section 5(b) lands of the Hawaii Admission Act

DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: Yes X No

Character of Use: N/A

License Term: N/A

Base Rental Rate: N/A

BACKGROUND:

The history of Mr. Sanchez' ADC Kalepa land tenures was extensively set forth at the May 20, 2020 ADC board meeting. See May 20, 2020 submission, Exhibit E-1. As explained in May, Mr. Sanchez raises cattle on 235 acres of pasture lands with Land Study Bureau Classifications of "C", "D" and "E" agriculture productivity rating in Unit M under a 35-year license, and on 419 acres of diversified lands with "B" ratings under a month-to-month revocable permit ("RP"). Mr. Sanchez had declined the board's 2013

offer of a 5-year license of Unit A at \$50/acre/year, and requested and was awarded a month-to-month RP at \$15/acre/year instead. The RP specifically states:

ADC may revoke this Permit for any reason whatsoever, upon written notice to the PERMITTEE at least thirty (30) days prior to the revocation.

Although the RP initially allowed ranching on 598 acres, in 2017 the ADC board exercised its revocation power and withdrew approximately 200 acres in Unit A from Mr. Sanchez' RP, and subsequently awarded the 200 acres to Taiwan Gu and Hawaii Golden Farm LLC (collectively, "Mr. Gu") for ginger and sweet potatoes, subject to the parties' agreement on the exact boundary of the approximate 200 acres. As a result of that withdrawal, Mr. Sanchez is currently left with a remaining 419 acres of land in Unit A. See map, Exhibit E-2.

On May 20, 2020, this Board approved the withdrawal of an additional 200 acres, more or less, from Unit A, again for diversified agriculture.¹ Upon being notified of the additional withdrawal, Mr. Sanchez immediately requested that he be allowed to retain the 200 acres in an email, and in telephone conversations with ADC staff. See email, Exhibit E-3. Among Mr. Sanchez' concerns are the sums he has invested into the Wailua Meat Company slaughterhouse and processing plant, both of which service the beef industry as well as other livestock on the island, and sums invested in land development and on land improvements. He cites his numerous contributions to the Kauai community, particularly during the current pandemic. See <http://wailuameatco.com/> and <https://unclewillysjerkyco.com/> for a glimpse of some of Mr. Sanchez' productivity in the State.²

Finally, Mr. Sanchez urges ADC to develop a balance of diversified crop production and meat production, and stresses that his products remain in the State for local consumption.

Because ADC did not provide Mr. Sanchez with any advance warning that it was considering the withdrawal of more acreages from his unit, we believed that Mr. Sanchez should have the opportunity to address the board, and have his concerns discussed before a decision is implemented.

DISCUSSION:

ADC is certainly operating within the terms of the RP, exercising its option to terminate the RP as to an additional 200 acres on Mr. Sanchez' B lands. However, Mr. Sanchez raises several questions for ADC. First, does ADC want to establish a policy for Kalepa, or for the island of Kauai to promote one agricultural industry over another?

¹ Mr. Gu has partially submitted an application for the additional 200 acres, but the application is, as of this date, incomplete. ADC has not received any other request for lands in Unit A.

² Mr. Sanchez is the member manager of Wailua Meat Company, LLC. Wailua Meat Company LLC is the registrant of the tradename, Uncle Willy's Jerky Company.

In Kekaha, Kauai and Wahiawa, Oahu, this board previously determined that crop production would be paramount, and that our efforts would be so devoted. But as tenant interests and farmers' and ranchers' plans have evolved, so has ADC's willingness to consider other forms of agriculture. We are looking more seriously at possible livestock production. What direction does the board want to take in Kalepa? Conversely, does ADC want to stay with the original terms of the RP, and the decisions made both by Mr. Sanchez and ADC in 2013?

Alternatively, recognizing that Mr. Sanchez and his endeavors has provided services, facilities, and products to Kauai, is ADC willing to allow Mr. Sanchez to remain on the land? And if so, should the board amend the terms of Mr. Sanchez' land use and give him a longer term at a rate more in line with diversified crops as a compromise between the RP and the potential diversified use of the Kalepa B lands?

Finally, does the board prefer to continue to operate under a high-level, broad agriculture-promotion policy, and treat each tenant and applicant request on a case-by-case basis without establishing specific policies on the area of the agriculture industry that would apply equally to all?

RECOMMENDATION:

We recommend that the ADC board answer the questions posed above and provide ADC staff with guidelines on how to analyze and treat the many requests for land, water, and production assistance from the public. Once a direction has been selected, we recommend that Mr. Sanchez' request for reconsideration be considered in accordance with that direction.

Under no circumstance does staff recommend that Mr. Sanchez be allowed to retain all remaining 419 acres of Unit A under an indefinite RP. RPs are used by ADC as an interim measure that allows farmers and ranchers to be present on ADC lands, and to begin their operations pending more definite plans. If the decision is made to allow Mr. Sanchez to retain the 419 acres, staff recommends that he be awarded a land license at rates more in line with diversified crops.

Respectfully submitted,



James J. Nakatani
Executive Director

DAVID Y. IGE
Governor

JOSH GREEN
Lt. Governor



Item L (rev)

JAMES J. NAKATANI
Executive Director

Item E, Exhibit E-1
ADC Board Meeting
July 22, 2020

STATE OF HAWAII
AGRIBUSINESS DEVELOPMENT CORPORATION

235 S. Beretania Street, Room 205
Honolulu, HI 96813
Phone: (808) 586-0186 Fax: (808) 586-0189

May 20, 2020

Subject: Request for Approval to Withdraw 200 acres for Diversified Agriculture from Unit A (por), Under Revocable Permit (RP) 1802, Issued to William Sanchez, in Kalepa, Kauai, Tax Map Key (4)3-9-002:020 (por)

Applicant: N/A

Authority: Section 163D – 4 (a) (5), Hawaii Revised Statutes

Land Area: 200 acres

Field No: Unit A (por)

Tax Map Key: (4)3-9-002:020 (por)

Land Status: Encumbered by Governor's Executive Order 4328 and 4401, respectively to the Agribusiness Development Corporation (ADC) for agricultural purposes.

Trust Land Status: Section 5(b) lands of the Hawaii Admission Act

DHHL 30% entitlement lands pursuant to the Hawaii State Constitution:
Yes X No ___

Term: N/A

Character of Use: N/A

Base Rent: N/A

BACKGROUND:

The Kalepa lands and its existing tenants were transferred from the Department of Land and Natural Resources (DLNR) to the Agribusiness Development Corporation (ADC) pursuant to Governor's Executive Order 4328 and 4401. The existing tenants, which includes Mr. Sanchez, had DLNR 30-day revocable permits at the time the land and existing agreements were assigned to ADC. In 2013, when ADC began issuing license agreements, the existing tenants in Kalepa were given the choice of being issued a license or remain on 30-day revocable permits (RP). While the base rental rate under an RP was less than the base rental rate under a license, the existing tenants were informed that under an RP the ADC has the right to withdraw a portion of or the entire property at any given time with a 30-day written notice.

Mr. Sanchez initially made requests for long-term licenses for Unit A and M. When ADC staff first submitted Mr. Sanchez's request to the ADC Board for approval, it was pointed out that Unit A was well-suited for diversified agriculture, thus, had a higher appraised value than Unit M. On June 12, 2013, the ADC Board approved the issuance of a 35-year license for 108 acres of Unit M (por) at \$30/acre/year and a 5-year license for 598 acres of Unit A at \$50/acre/year. After a lengthy discussion between Mr. Sanchez and the ADC Board members about the difference in base rental rates between the Units, Mr. Sanchez ultimately decided to decline ADC's offer for a 5-year license at \$50/acre/year for Unit A. He subsequently withdrew his application for a License and opted for a 30-day revocable permit at \$15/acre/year which the ADC Board approved on August 20, 2013.

Mr. Sanchez currently holds two rental agreements with the ADC, 1) 35-year license, LI-KA1404, effective January 23, 2015 for 235 acres, identified as Unit M, and 2) 30-day month-to-month revocable permit (RP) 1802 for 398 acres on Unit A (por). He also has other large land holdings around Kauai that he leases from State and/or private landowners. Mr. Sanchez has been a good tenant—both rental accounts are in good standing and he keeps his Units in good condition. Unfortunately for Mr. Sanchez, Unit A is a highly valued parcel and the ADC is requesting to withdraw up to 200 acres to increase its diversified agriculture production in Kalepa.

LAND REQUEST:

Unit A has a total of 598 acres. The land is relatively flat and has access to irrigation water through open ditches. The land is currently being occupied by Mr. Sanchez and Taiwan Gu dba Hawaii Golden Farms and Hawaii Xing Long Farms. The ADC received an expression of interest from Hawaii Golden Farms and Hawaii Xing Long Farms for 200 acres to grow sweet potato and ginger. Hawaii Golden Farms and Hawaii Xing Long Farms started with 5 acres in Kekaha. They eventually moved to Kalepa where they currently operate on 240 acres more or less on Unit A and C. To date, they have made substantial investments in Kalepa, which includes construction of a packing facility, infrastructure improvements, and installation of cattle fencing. They are excellent growers and currently export their crops, as well as supply the local Kauai markets.

Because there's active cattle grazing on Unit A, field crops grown on this Unit must be compatible with cattle due to Food Safety Regulations. For these reasons, the ADC are not considering other farmers who requested land to grow leafy greens and/or other vegetables to be consumed raw.

LAND UTILIZATION PLAN:

Not applicable.

CONSERVATION PLAN:

Not applicable.

CONCLUSIONS:

Unit A has been identified as ideal crop land because of its topography and access to water. With a growing demand from crop farmers for land in Kalepa, which currently has no vacancies, the ADC is requesting approval to withdraw land from Unit A for diversified agriculture. A 200-acre withdrawal has the potential for being rented at \$100/acre/year, as opposed to \$15/acre/year under the current RP. The difference in rent revenue will be \$17,000 per year.

RECOMMENDATION:

Approve the withdrawal of 200 acres for Diversified Agriculture from Unit A (por), Under Revocable Permit (RP) 1802, issued to William Sanchez, effective upon approval, subject to the following terms and conditions:

- 1) The location of the 200 acres is to be determined;
- 2) The revocable permit fee shall be \$15/acre/year for the remaining 198 useable acres;
- 3) ADC will issue a 30-day notice and work with Mr. Sanchez to provide him time to relocate his cattle and personal property from the withdrawn acreage;
- 4) All other terms and conditions of RP 1802 to remain the same.

Respectfully submitted,

James J. Nakatani
Executive Director

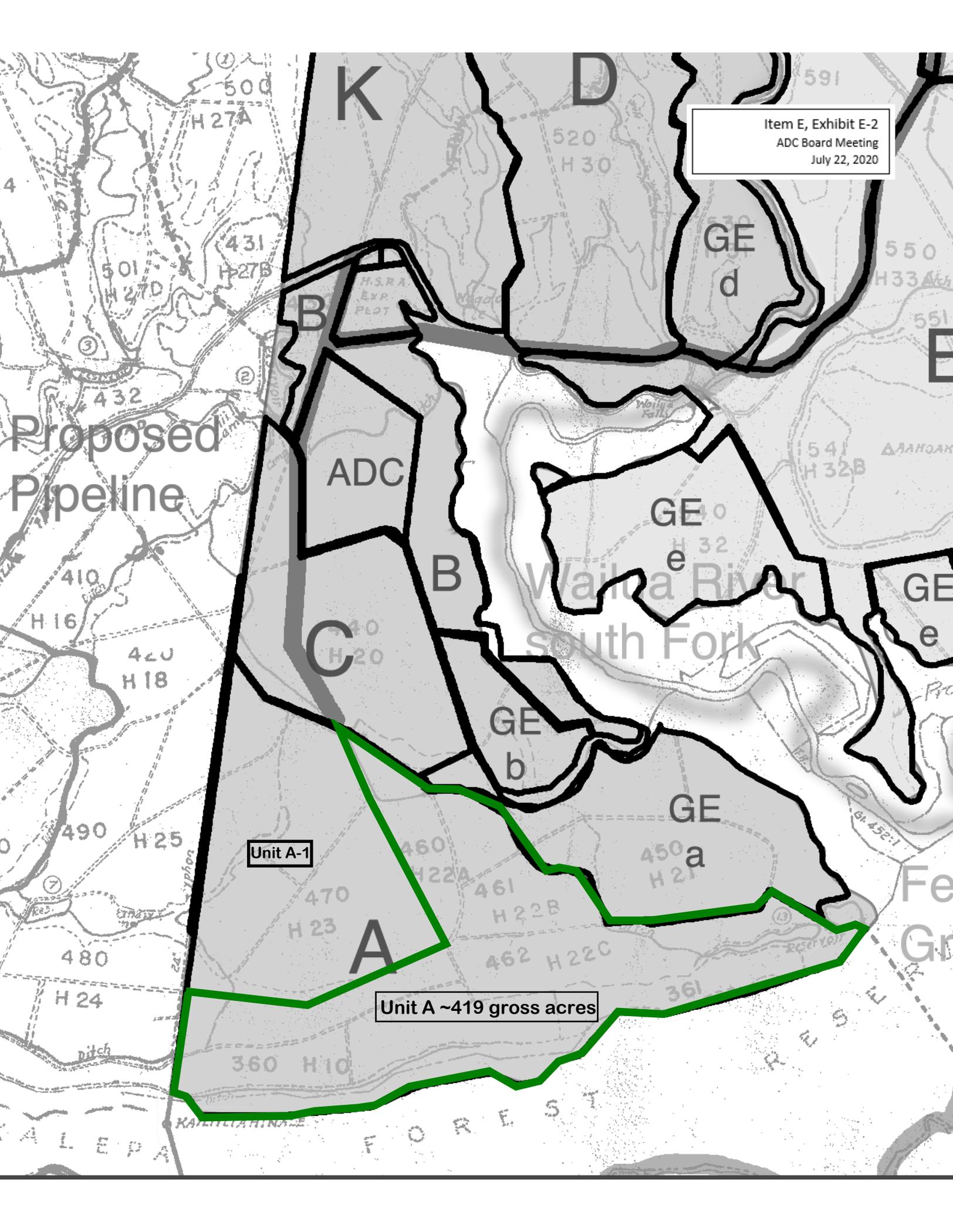
Item E, Exhibit E-2
ADC Board Meeting
July 22, 2020

Proposed
Pipeline

Waipua River
South Fork

Unit A-1

Unit A ~419 gross acres



From: "Wailua Meat Co." <wailuameatco@gmail.com>
Date: June 12, 2020 at 10:59:03 AM HST
To: "Sandi Kato-Klutke" <skatoklutke@gmail.com>
Cc: <senkouchi@capitol.hawaii.gov>, <reptokioka@capitol.hawaii.gov>, <repnakamura@capitol.hawaii.gov>, <repmorikawa@capitol.hawaii.gov>

Aloha

Attached is letter to ADC regarding their request to take another 200 acers of land. In the email I also included the legislators: I am asking for your assistance to help me retain the 200 acres.

Thank you

William Sanchez

I received a very heartbreaking letter dated May 29, 2020 from ADC Executive Director, Mr. James Nakatani stated I need to give up another 200 acres of land to be given to grow potatoes to Mr Taiwan Gu.

I was instructed in the letter to meet Mr. Taiwan Gu to negotiate on an agreeable area by June 30, 2020. According to the letter it was an ADC Board decision but I understand that the Kaua'i Board members didn't know of this action by the Board.

I am very concerned that the ADC is looking to take back another 200 acres of land that I use currently for my cattle ranch. I have invested over a million dollars to put up my slaughter house and a processing plant.

I have also invested half a million in the development of the land and 15 miles of fences because I am in for the long term and was given the impression my relationship as a cattle rancher and ADC was going to be a long term one. Also DLNR the original land owner talked about a long term agreement.

In the current Covid 19 emergency Wailua Meat Company processed meat products. We have supplied the Kaua'i Food Bank(Kaua'i Branch) and Kaua'i Independent Food Bank with 4,000 pounds of hamburger for 4 weeks in May to help the Kaua'i citizens who were furloughed, lost their jobs, homeless and elderly. We have helped 4 H boys and girls processed their animals due to the cancellation of the County Fair.

Wailua Meat Company is very community mined and donated a lot meat products to youth groups for their fundraisers. To name a few: Kapaa High School, Kapaa Little League, Kapaa Youth Football Leagues and many more.

The Community is coming to the processing plant to purchase meat products every day.

They purchase Beef, pork, and sheep.

In the past 4 years I have loss over 600 acres of land: 300 acres for green energy project; to plant trees: 200 acres to Taiwan Gu to plant potatoes; 50 for a church; 100 to Grove Farm.

I believe that a balance of land use for Farm Land and Cattle Ranching should be developed.

Look where the agriculture products are sold. In Hawaii or to the Mainland.

Also how the Ranchers and Farmers give back to the Community and most importantly are they good stewards of the land.

Thank you

William Sanchez



DAVID Y. IGE
Governor

JOSH GREEN
Lt. Governor



Item F

JAMES J. NAKATANI
Executive Director

STATE OF HAWAII
AGRIBUSINESS DEVELOPMENT CORPORATION
235 S. Beretania Street, Room 205
Honolulu, HI 96813
Phone: (808) 586-0186 Fax: (808) 586-0189

July 22, 2020

Subject: Request for Approval to Amend License No. LI-K0801 Issued to Beck's Superior Hybrids, Inc. to Recharacterize 17.64 Acres of Field 102, More or Less, in Kekaha, Kauai, Tax Map Key (4)1-2-02-01 (por)

Licensee: Beck's Superior Hybrids, Inc.

Authority: Section 163D-4(a)(5), Hawaii Revised Statutes

Area: 820.28 acres tillable; 491.88 acres non tillable

Field Nos. Field 102

Tax Map Key: (4)1-2-02-01 (por)

Land Status: Encumbered by Governor's Executive Order Nos. 4007 and 4287, to the Agribusiness Development Corporation.

Trust Land Status: Section 5(b) lands of the Hawaii Admission Act
DHHL 30% entitlement lands pursuant to the Hawaii State
Constitution: Yes X No ___

Character of Use: Diversified Agriculture

License Term: 20 years (April 1, 2008 to March 31, 2028)

Base Rental Rent \$150/ac/yr--tillable, \$1/ac/yr--non-tillable (\$10,294.49/month)

BACKGROUND:

In 2016, former ADC tenant BASF Plant Science L.P. ("BASF") agreed to sell, assign, and transfer all of its right, title and interest in License No. LI-K0801 ("License") for agricultural land in Kekaha, to Beck's Superior Hybrids, Inc ("Beck's"). At the time of the assignment, the License included 977.25 tillable acres and 244.64 non-tillable acres, and was approved by this Board at its meeting on September 28, 2016.

On June 24, 2020, Beck's and ADC executed the Second Amendment to License LI-K0801 by 1) removing 10 acres of Field 309 and 2) withdrawing 13.25 acres of Field 123. The adjusted acreage encumbered 954.0 tillable acres and 244.64 non-tillable acres. The withdrawal was approved by this Board at its meeting on March 27, 2019.

<u>Tillable Acres</u>	<u>Non-tillable Acres</u>
977.25	244.64
-10.00	
-13.25	
<hr/>	<hr/>
954.00	244.64

Additionally on June 24, 2020, the Third Amendment to License LI-K0801 was executed to 1) recharacterize 247.24 acres from tillable to non-tillable, 2) add 199.84 acres in Fields 102, 105, and 219, 3) deduct 11.46 acres of Field 121, and 4) withdrawal 74.86 acres of Field 219 (por). The adjusted tillable acres are 820.28 and non-tillable acres are 491.88. Adjustments 1 – 3 were approved by the Board at its meeting on June 12, 2019, and adjustment 4 was approved by the Board at its meeting on October 9, 2019.

<u>Tillable Acres</u>	<u>Non-tillable Acres</u>
954.25	244.64
-247.24	+247.24
+199.84	
-11.46	
-74.86	
<hr/>	<hr/>
820.28	491.88

LAND REQUEST:

On June 3, 2020, Beck's requested that 17.64 ("Exhibit A") acres of Field 102 in Kekaha, Kauai be recharacterized from tillable to non-tillable due to the continuing presence of standing water that creates "mud pond" conditions.

STAFF REVIEW:

A historical review of Google Earth imagery ("Exhibit B") appears to confirm that this particular portion of Field 102 has not been successfully cultivated since at least 2005. On July 13, 2020, ADC staff conducted a site visit of Field 102 with Blaise Boyle of Beck's and Mike Faye of Kekaha Agricultural Association and confirmed the "mud pond" and flooding issues.

CONCLUSION:

Approximately 17.64 acres of Field 102 are currently untillable due to long-standing flooding issues.

LI-K0801 currently covers a total of 820.28 tillable acres and 491.88 non-tillable acres. The reclassification of 17.64 acres would adjust the acreage as follows.

<u>Tillable Acres</u>	<u>Non-tillable Acres</u>
820.28	491.88
-17.64	+17.64
<hr/> 802.64	<hr/> 509.52

License rents are standard at \$150/acre for tillable land and \$1/acre for non-tillable land. Based on the adjustments of the acreage, annual rent for tillable acres would decrease from \$123,042/year to \$120,396/year; annual rent for non-tillable acres would increase from \$491.88 to \$509.52/year. This represents an annual loss to ADC from Beck's rental income of \$2,628.36/year.

RECOMMENDATION:

Based on the current condition of this portion of Field 102, staff recommends the following:

1. Approve the recharacterization of 17.64 acres of Field 102 from tillable to non-tillable for an amended total of 802.64 tillable acres and 509.52 non-tillable acres.
2. All other terms and conditions of LI-K0801 shall remain unchanged.

Respectfully submitted,



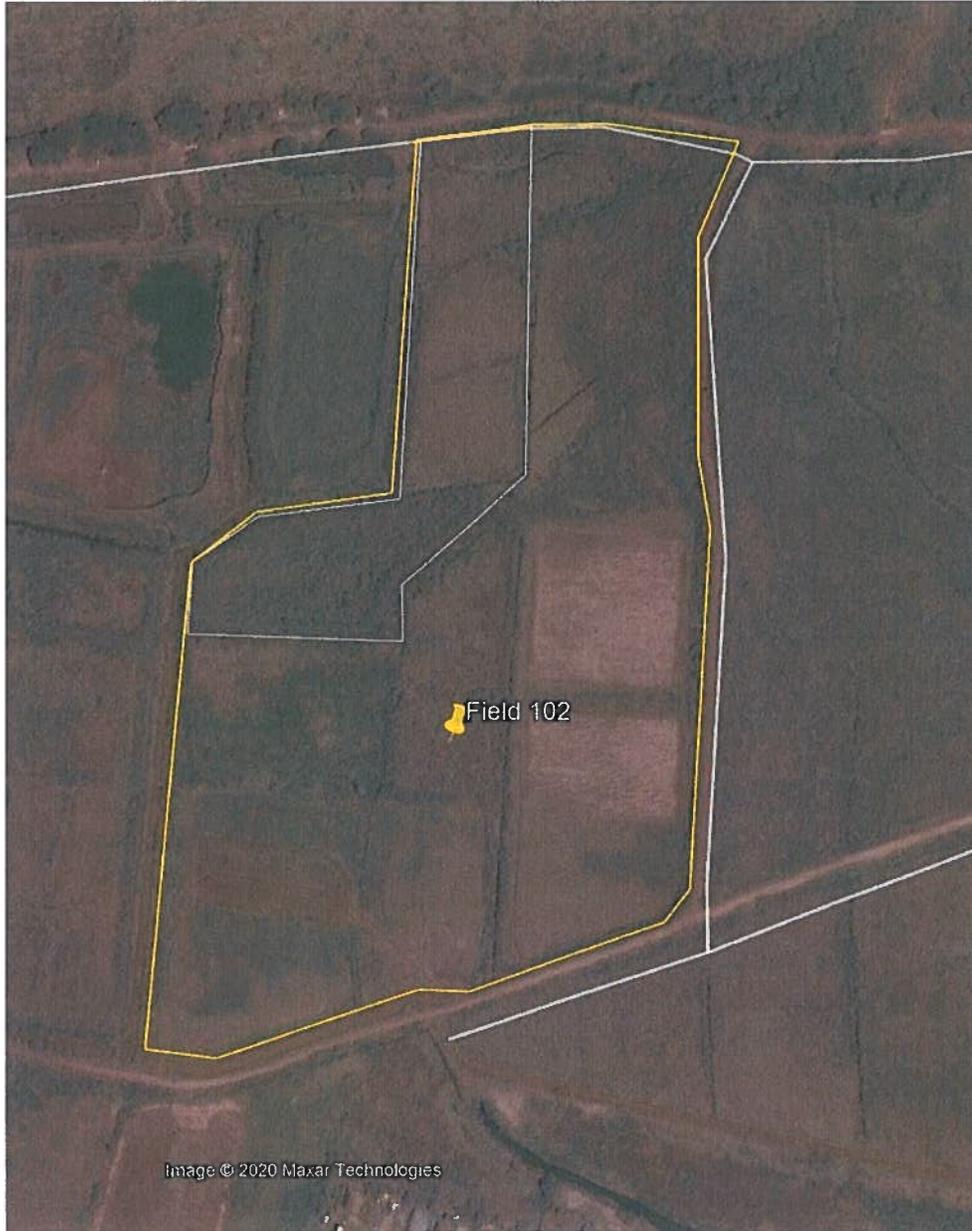
James J. Nakatani
Executive Director

EXHIBIT A¹



¹ Source: "Field 102 by Boyle, B." Google Earth. June, 2020.

EXHIBIT B²



² Source: "Field 102." 21°58'11.64"N 159°42'09.66"W. Google Earth. March 3, 2005. July 15, 2020

DAVID Y. IGE
Governor

JOSH GREEN
Lt. Governor



Item G
JAMES J. NAKATANI
Executive Director

STATE OF HAWAII
AGRIBUSINESS DEVELOPMENT CORPORATION
235 S. Beretania Street, Room 205
Honolulu, HI 96813
Phone: (808) 586-0186 Fax: (808) 586-0189

July 22, 2020

Subject: Request for Approval to Amend Prior Approval Dated April 24, 2019 to Issue a License to Kokee Farms LLC for Agricultural Purposes, in Kekaha, Kauai, Tax Map Key (4)1-2-02-01 (por)

Applicant: Domingo R. Loero

Authority: Section 163D-4(a)(5), Hawaii Revised Statutes

Area: 62.29 Acres

Field No: 633

Tax Map Key: (4)1-2-02-01(por)

Land Status: Encumbered by Governor's Executive Order Nos. 4007 and 4287, respectively to the Agribusiness Development Corporation

Trust Land Status: Section 5(b) lands of the Hawaii Admission Act
DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: Yes

Character of Use: Diversified Agriculture

License Term: 35 years

Base Rental Rate: \$150 per acre per year

BACKGROUND:

The ADC received a request dated June 18, 2020 from Kokee Farms LLC to amend the terms and conditions of their License agreement, which was approved on April 24, 2019. Given their submitted plan focuses on orchard crops and a multi-year plant out schedule, they are requesting that their license payment be based on land utilization to compensate for the slow return on investment. They have also made a request to have the License issued to Kokee Farms LLC, a registered business in the State of Hawaii in good standing, and executed by Domingo R. Loero, its principal and majority owner.

LAND REQUEST:

The requested area is identified as Field 633. The field is approximately 62.29 acres and is located along Waimea Canyon Road mauka of Waimea Town at an elevation around 1,300 feet, as shown in Exhibit A. The area has access to water essential for growing crops.

OPERATIONAL PLAN:

Kokee Farms currently has over 8,000 coffee seedlings among other crops, growing in a nursery off-site that will be ready to be planted as early as late fall 2020.

Production Area: The initial plan involves establishing a driveway, installing gates, and cleaning up plastic drip tape from sugar. Their plan is to mow and commence to remediate soil of future planting zones, clean up all the black drip line around frontage and planting zones, repair and establish road and irrigation infrastructure, and identifying water delivery and storage capacity (irrigation requirement during crop establishment is estimated up to 15,000 gallons/week/acre).

Structures/Storage: Initial plans also include building a plant nursery and food stand. The nursery will be a 10'X25" shaded enclosure, to hold the capacity of 5,000 coffee plants per year, and 1,000 other various species for the support/agroforestry component.

Rent Schedule: At the Licensee's request, and given Kokee Farms slow return on investment, payment shall be based on utilized land that will be gradually increased annually. Payment of \$150 per acre (maintenance fee not included) for 10 acres shall commence upon approval of the license. The rent schedule for the term of the license is as follows:

- Year 1 - \$1,500.00 annual fee (based on 10 acres);
- Year 2 - \$3,000.00 annual fee (based on 20 acres);
- Year 3 - \$4,500.00 annual fee (based on 30 acres);
- Year 4 - \$9,343.50 annual fee (based on 62.29 acres);

CONSERVATION PLAN:

The Licensee has developed a conservation plan, which has been approved by the West Kauai Soil and Water Conservation District on December 17, 2019.

CONCLUSION:

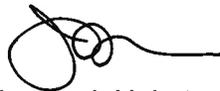
Kokee Farms' plan contemplates planting 10 acres of coffee and perennials, then 10 additional per year for years 1 – 3. Because it will be at least three years until the first crops are ready for harvest and due to the many unpredictable factors within agriculture, Kokee Farms request that the payments be based on the actual planted and utilized land that will be updated on an annual basis for years 1 – 3 of the License Agreement. Starting in year 4, they will begin payments for the full acreage.

RECOMMENDATION:

Amend the previous approval dated April 24, 2019 to issue a license to Kokee Farms LLC for agricultural purposes, in Kekaha, Kauai subject to the following terms and conditions:

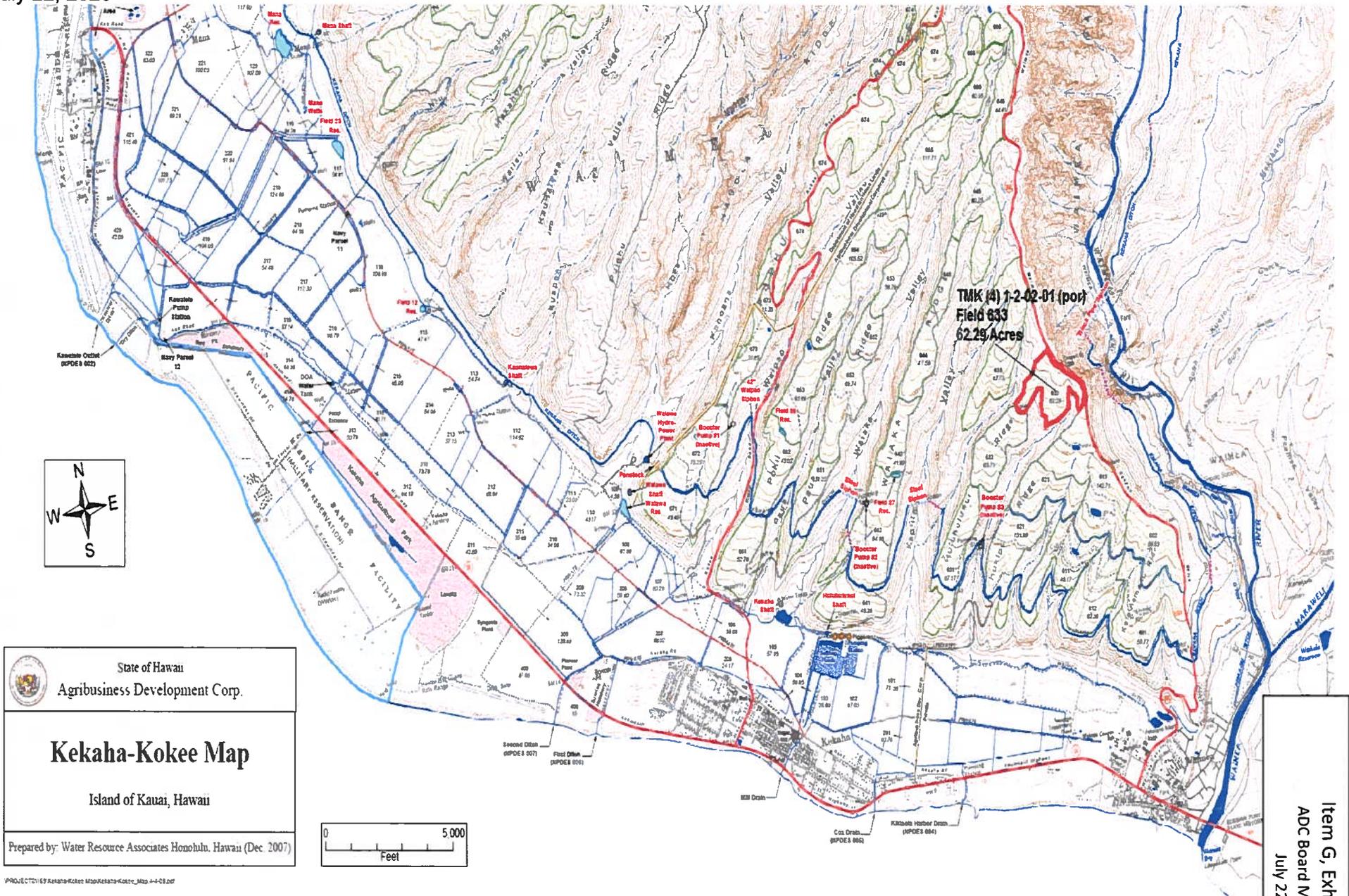
1. The term of this license shall be for 35 years;
2. The License shall be issued to Kokee Farms LLC, and executed by Domingo R. Loero, its principal and majority owner;
3. The annual fee is based on the rate of \$150 an acre. The following is the rent schedule:
 - Year 1 - \$1,500.00 annual fee (based on 10 acres);
 - Year 2 - \$3,000.00 annual fee (based on 20 acres);
 - Year 3 - \$4,500.00 annual fee (based on 30 acres);
 - Year 4 - 10 - \$9,343.50 annual fee (based on 62.29 acres);
3. The annual rental shall re-open every 10th year of the term.
4. The Licensee shall pay an annual maintenance fee to the Kekaha Agriculture Association that would cover water delivery rates, and other incidental, administrative, and infrastructure costs;
5. No sublicensing the whole or any portion of their premises without the prior written approval of the ADC Board.

Respectfully submitted,



James J. Nakatani
Executive Director

Request for Approval to Amend Prior Approval Dated April 24, 2019 to Issue a License to Kokee Farms LLC for Agricultural Purposes, in Kekaha, Kauai; Tax Map Key (4)1-2-02-01 (por)
July 22, 2020



Item G, Exhibit A
ADC Board Meeting
July 22, 2020

DAVID Y. IGE
Governor

JOSH GREEN
Lt. Governor



Item H

JAMES J. NAKATANI
Executive Director

STATE OF HAWAII
AGRIBUSINESS DEVELOPMENT CORPORATION
235 S. Beretania Street, Room 205
Honolulu, HI 96813
Phone: (808) 586-0186 Fax: (808) 586-0189

July 22, 2020

Subject: Request for Approval to Amend License Agreement No. LI-K1601 Issued to Umi's Farm for Agricultural Purposes, in Kekaha, Kauai, Tax Map Key (4)1-2-02-01 (por)

Applicant: Kalani "Umi" Martin dba Umi's Farm

Authority: Section 163D-4(a)(5), Hawaii Revised Statutes

Area: 13 Acres

Field No. N/A

Tax Map Key: (4)1-2-02-01 (por)

Land Status: Encumbered by Governor's Executive Order Nos. 4007 and 4287, respectively to the Agribusiness Development Corporation

Trust Land Status: Section 5(b) lands of the Hawaii Admission Act

DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: Yes: X No:

Character of Use: Diversified Agriculture

License Term: 35 years

Base Rental Rate: \$150 per acre per year

BACKGROUND:

Since 2016, Kalaniumi "Umi" Martin dba Umi's Farm has been a tenant in Kekaha in an area known as the Mud Pond. He currently has a license for 5 acres where they grow mango, citrus, avocado, and other tropical fruit trees. He is ready to expand his operation on the remainder of the Mud Pond. In additions to expanding his orchard, he plans to secure the area with a perimeter fence to protect his crops from theft and feral pigs.

LAND REQUEST:

The requested area totals 13 acres and is located along the Hukipo Road mauka of old Kekaha Sugar Mill, as shown in Exhibit A. The vacant land, also known as the Mud Pond is flat and has access to a well that can provide ample clean water essential for growing tropical fruits.

The following are the improvements Umi Farms is proposing to complete in exchange for rent credits:

Perimeter Fencing: \$8,100
Install heavy duty post and fencing around the entire 18 acres.

OPERATIONAL PLAN:

The applicant plans to install fencing around the entire perimeter of the farm and continue to grow tropical fruits to include but not limited to mango, citrus, and avocado.

CONSERVATION PLAN:

The applicant is required to develop a conservation plan and submit for acceptance to the ADC.

CONCLUSION:

Umi's Farm has been a good tenant and his 5-acre orchard is thriving. He has made improvements to the subject area and is a good steward of the land. For these reasons, the ADC recommends amending his license agreement to allow him to expand his operation.

RECOMMENDATION:

Approve the amendment to License Agreement No. LI-K1601 issued to Umi's Farm for agricultural purposes in Kekaha, Kauai; Tax Map Keys (4) 1-2-02-01 (por) subject to the following terms and conditions:

1. The new total acreage is 18 acres.
2. The rental rate shall be \$150 per acre per year;
3. Rent credit with the maximum of up to the total of \$8,100 may be applied;
4. The Licensee shall pay an annual maintenance fee to the Kekaha Agriculture Association that would cover water delivery rates, and other incidental, administrative, and infrastructure costs; and
5. No subletting to be permitted without ADC's prior approval in writing.

Respectfully submitted,



James J. Nakatani
Executive Director

DAVID Y. IGE
Governor

JOSH GREEN
Lt. Governor



Item I

JAMES J. NAKATANI
Executive Director

STATE OF HAWAII
AGRIBUSINESS DEVELOPMENT CORPORATION

235 S. Beretania Street, Room 205
Honolulu, HI 96813
Phone: (808) 586-0186 Fax: (808) 586-0189

July 22, 2020

Subject: Request for Approval to Enter Into a Memorandum of Understanding with Kelena Farms, Inc. for the Operation of the Bott Well Pump Station and Irrigation System, in Whitmore, Oahu

Authority: Section 163D-4(a)(5), Hawaii Revised Statutes

BACKGROUND:

On May 20, 2020, the Agribusiness Development Corporation's (ADC) Board of Directors approved a water user agreement that requires anyone drawing from the Bott Well Pump Station (BWPS) to pay a water delivery fee of \$0.89 per 1,000 gallons. The ADC currently does not have the staff and expertise to operate and maintain the entire BWPS and irrigation systems on its own. For these reasons, ADC's plan moving forward was to contract these services out to a third party and use the revenue from the water delivery fees to cover the cost of the contract and diesel fuel to operate the BWPS.

Kelena Farms is currently performing all daily operations at the Galbraith Agricultural Lands (GAL), which includes operating the BWPS, distribution mains, water meters, and filling reservoirs and storage ponds. They are also purchasing the fuel to operate the BWPS but can no longer sustain the expense due to the increase in farming activity and demand for irrigation water. Apprehensive about ADC's contactor potentially driving up the overall cost, which will likely be passed on to the farmers, Kelena Farms proposed to continue operating the BWPS and irrigation system at no cost to ADC, provided that the rest of the farmers pay their fair share of the fuel cost. The anticipated cost for diesel fuel to operate the BWPS ranges from \$10,000 - \$20,000 per month. This includes the cost to fill ADC's reservoirs.

Kelena Farms has the experience, vehicles, tools, and trained staff on-call 24/7 who can operate the state-of-the-art adjustable speed deep well pumping system. If ADC were to instead staff the BWPS, ADC would need to hire two irrigation workers and a supervisor who are versed in operating an integrated multi-well/source system as an equivalent. While the well pump control system is very sophisticated and provides significant protection to the engine pump, and appurtenant devices, there are no substitutes for observations and actions of a trained and experienced operator. If ADC receives approval to hire staff, it would also need to purchase vehicles, laptops, and computer software. The estimated cost for just the three positions alone is \$200,000 - \$250,000 annually. ADC's latest request to the Legislature for irrigation workers for the GAL was denied. Alternatively, contracting all of the operation and maintenance to a third party

would not require more staff. However, the estimated to cost of an operation and maintenance contract is \$200,000 - \$300,000 annually.

Therefore, Kelena Farm's proposal would result in the least cost passed on to the farmers using the BWPS and irrigation system. The three options are summarized below:

Option	Description	Estimated Annual Cost
Operation and Maintenance Contract	Includes operation of the BWPS and irrigation system, regularly scheduled engine maintenance, ground maintenance, reporting, and unforeseen work.	\$200,000 - \$300,000*
Hire ADC Irrigation Staff	Includes 2 irrigation workers, a supervisor, and fringe benefits (excludes 2 vehicles, laptop, and computer software). Prior to hiring these positions, ADC must get approval from the Legislature.	\$200,000 - \$250,000*
Maintenance Contract	Includes regularly scheduled engine maintenance, ground maintenance, reporting, and unforeseen work. Kelena Farms will operate BWPS and irrigation system.	\$75,000 - \$125,000*

*All estimates exclude diesel fuel, which is estimated to cost \$10,000 - \$20,000 per month

OPERATIONAL PLAN:

Kelena Farms will be responsible for all daily operations at the Galbraith Agricultural Lands. ADC will be responsible for completing routine maintenance, measurement, and reporting to ensure the system is operating in accordance with all permit requirements. The following is the list of the roles and responsibilities of Kelena Farms, ADC, its contractor, and its employees:

Kelena Farms will be responsible for performing the following services (no cost to ADC):

- Provide laborers, vehicles, and tools to perform daily operations listed herein;
- Daily operation of the BWPS, irrigation system, and all related appurtenance;
- Daily operation of the irrigation distribution mains, from BWPS to ADC reservoirs and individual water meters and storage ponds; and

- Purchase diesel fuel for its own operations based upon its own consumption.

ADC's contractor will be responsible for performing the following services:

- Regularly scheduled maintenance (changing oil, filters, and service) in accordance with the manufacture's written recommendation;
- Provide on a monthly basis, ground maintenance around the BWPS, reservoirs, and all water meters and standpipes;
- Prepare all required reports, including the Annual Air Quality Emission Report and the Monthly Ground Water Use report; and
- Perform work to correct unforeseen or emergency items.

ADC staff will be responsible for performing the following services:

- Read water meters every month and record consumption;
- Invoice water users and collect fees; and
- Purchase diesel fuel on a monthly basis on behalf of users other than Kelena Farms.

CONCLUSION:

The ADC will continue to work and find creative ways to continue developing its agricultural lands, all the while ensuring its farmers can succeed. Kelena Farms' proposal offers a solution to ensure ADC can provide water to the farmers for their operations and maintain the system without raising costs. Although the memorandum of understanding (MOU) is not legally binding, it formally memorializes the agreement between ADC and Kelena Farms and describes the roles and responsibilities of the parties. ADC's contractor will monitor Kelena Farms' fulfillment of its responsibilities and should this arrangement not work out, ADC may end it upon 30 days notice, and seek to contract a provider for the remaining operation and maintenance of the BWPS.

RECOMMENDATION:

Authorize the Executive Director, and or, a designee to enter into a Memorandum of Understanding with Kelena Farms, Inc. for the Operation of the Bott Well Pump Station and Irrigation System, in Whitmore, Oahu, as described above.

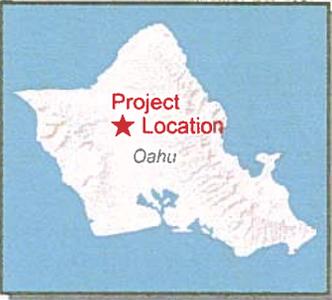
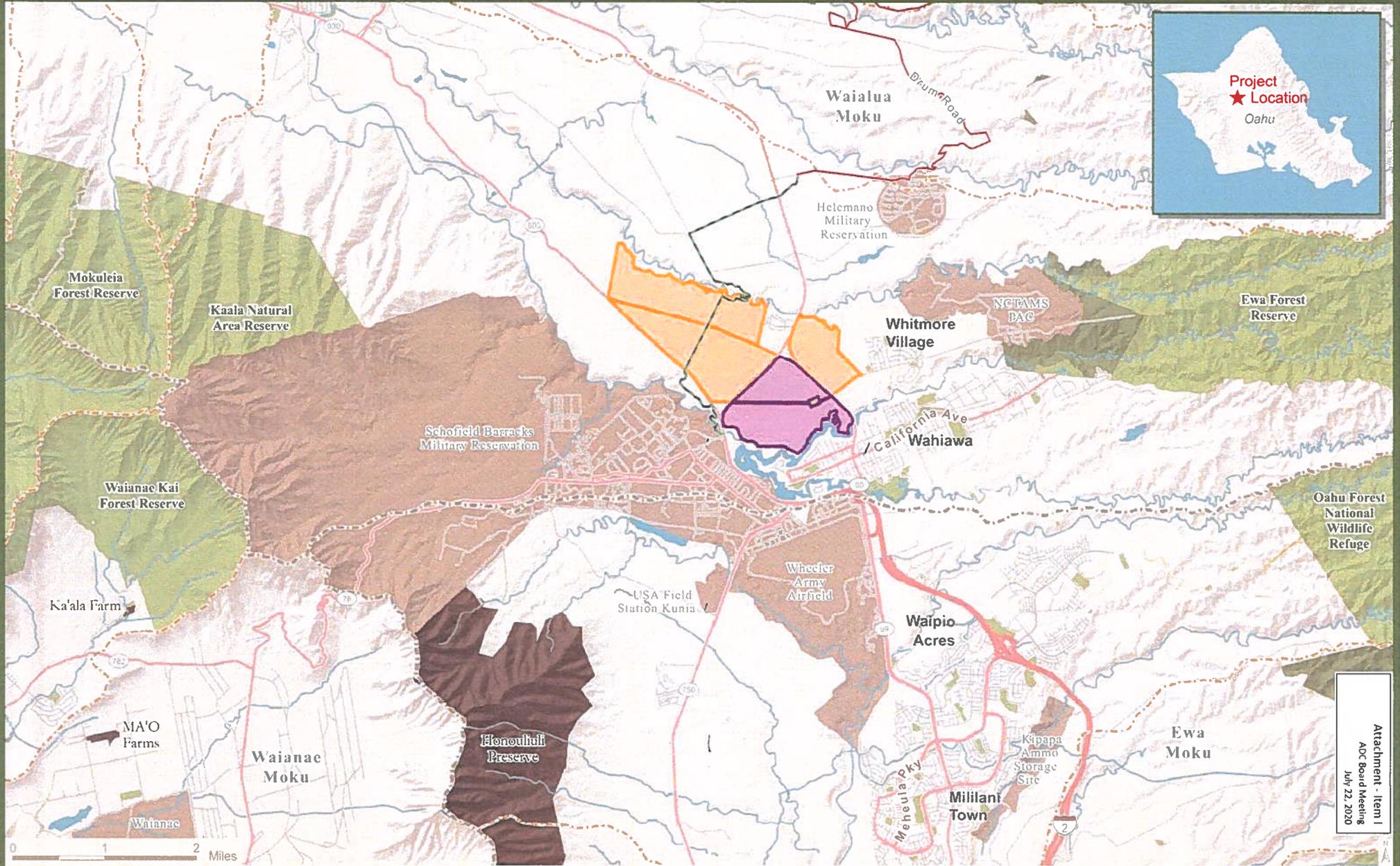
Respectfully submitted,



James J. Nakatani
Executive Director

THE TRUST FOR PUBLIC LAND - HAWAII

GALBRAITH PROJECT - HONOLULU COUNTY - OAHU



The Trust for Public Land conserves land for people to enjoy as parks, gardens, and other natural places, ensuring livable communities for generations to come.

Galbraith Project - Proposed Ownership

- Office of Hawaiian Affairs
- State of Hawaii Agribusiness Development Corporation

Completed TPL Project

- Military Land
- Moku Boundary*
- Ahupua'a Boundary*

Trails/Roads of Interest

- K3/K4 Helemanō Trail
- Drum Road

Protected Land**

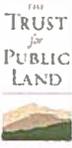
- Other Private Protected Land
- Conservation Easement

*Moku and Ahupua'a boundaries have changed over time. Moku and Ahupua'a boundary data source: IslandBreath.org, retrieved 8/31/2012.

**Protected Land includes Local Parks, Reserves, Game Management Areas, Forest Preserved, State Parks, and National Wildlife Refuge Areas

Attachment - Item 1
ACB Board Meeting
July 22, 2020

November 6, 2012
Cartography by
The Trust for Public Land
www.tpl.org



MEMORANDUM OF UNDERSTANDING
BETWEEN
STATE OF HAWAII
THE AGRIBUSINESS DEVELOPMENT CORPORATION
AND
KELENA FARMS, INC.

This Memorandum of Understanding ("MOU") is made and entered into on the ____ day of _____, 2020 by and between the Agribusiness Development Corporation, a public body corporate and politic and an instrumentality of the State of Hawaii, whose business address is 235 South Beretania Street, Suite 205, Honolulu, Hawaii 96813 (hereinafter referred to as, "ADC"), and Kelena Farms, Inc., a Hawaii Corporation, of which the business and post office address is P.O. Box 27, Kunia, Hawaii 96759, (hereinafter referred to as "Kelena Farms"). ADC and Kelena Farms are sometimes referred to herein collectively as "Parties" or individually as "Party."

I. **Purpose**

The purpose of this MOU is to define the roles and responsibilities of the parties regarding the operation of the Bott Well Pump Station ("BWPS") and Irrigation System at the Galbraith Agricultural Lands ("GAL").

II. **Background**

The ADC acquired over 1,700 acres of undeveloped farmland previously owned by the Estate of George Galbraith to increase local agricultural production in Central Oahu. ADC's goal is to develop an irrigation system to deliver water to the Galbraith farmlands for smaller agricultural operations and transitioning expansive areas that were formerly used for large plantation agriculture into smaller, diversified farming operations.

The ADC currently does not have the staff and expertise to operate and maintain the entire BWPS and irrigation systems on its own. Kelena Farms, who is currently performing all daily operations at the GAL, which includes operating the BWPS, distribution mains, water meters, and filling reservoirs and storage ponds, proposed to continue operating the BWPS and irrigation system at no cost to ADC.

Kelena Farms has the experience, vehicles, tools, and trained staff on-call 24/7 who are versed in operating an integrated multi-well/source system and can operate the state-of-the-art adjustable speed deep well pumping system.

III. **Objective**

The objective of this MOU are to: a) establish effective coordination between ADC and Kelena Farms; b) to clearly delineate the roles and responsibilities of each party in an effort to operate the BWPS and irrigation system; c) minimize duplication of effort; and d) ensure ADC can provide affordable water to the GAL farmers for their operations and maintain the system in accordance with all permit requirements.

IV. Responsibilities

A. ADC, or its contractor, shall:

1. Perform Regularly scheduled maintenance (changing oil, filters, and service) in accordance with the manufacturer's written recommendation;
2. Provide on a monthly basis, ground maintenance around the BWPS, reservoirs, and all water meters and standpipes;
3. Prepare all required reports, including the Annual Air Quality Emission Report and the Monthly Ground Water Use report; and
4. Perform work to correct unforeseen or emergency items.
5. Read water meters every month and record consumption;
6. Invoice water users and collect fees; and
7. Purchase diesel fuel on a monthly basis on behalf of small farmers except for Kelena Farms.

B. Kelena Farms shall:

1. Provide laborers, vehicles, and tools to perform daily operations listed herein;
2. Daily operation of the BWPS, irrigation system, and all related appurtenances;
3. Daily operation of the irrigation distribution mains, from BWPS to ADC reservoirs and individual water meters and storage ponds; and
4. Purchase diesel fuel for its own operations.

V. Other Provisions

- A. This MOU does not transfer any property or ownership interest in the BWPS and Irrigation System at the GAL to Kelena Farms. This MOU is not a lease, grant of an easement, or license, and the intent of this MOU is to form a basis by which the aforementioned goals and objectives can be carried out by each party in a cooperative manner.
- B. This MOU does not obligate any ADC or Kelena Farms' funds. ADC and/or Kelena Farms may contribute funds or in-kind services which will mutually benefit any or both parties and the Galbraith small farmers.
- C. Kelena Farms and its Agents shall carry and maintain at their sole cost and expense the following insurance policies and coverage below:

a. Comprehensive general liability insurance, including contingent liability, contractual liability and products and completed operations liability, covering all activities conducted on the Property. The limits of liability shall be not less than:

Bodily Injury and Property Damage Liability \$1,000,000 each occurrence / \$1,000,000 aggregate. If the policy is written on a "claims made" form, it shall provide for an extended reporting period of not less than three (3) years. The above policies shall name the State of Hawaii as an additional insured. Kelena Farms shall furnish ADC with a certificate(s) showing the policy(s) to be in force. Notwithstanding the policy(s) of insurance, Kelena Farms shall be obligated for the

full and total amount of any damage, injury, or loss caused by its negligence or neglect connected with the performance of its responsibilities under Section IV(B) herein.

b. Comprehensive automobile liability insurance covering all owned, hired or non-owned vehicles, including the loading or unloading thereof on the Property.

c. Worker's compensation insurance affording statutory limits, and employers' liability coverage with limits of no less than \$500,000 covering all persons admitted to the Property under the terms of this Agreement.

- D. This MOU may not be amended except in writing and signed by both parties hereto.
- E. Both Parties shall have the right to terminate this MOU by giving 30-days' notice, in writing, to the other Party at any time. Termination of this MOU under this paragraph does not waive any claim either party may have against the other or other applicable remedies.
- F. Both parties hereto expressly represent that they have the legal power, right and authority to enter into this MOU, and to consummate the transactions contemplated hereby.
- G. The parties do not intend this agreement to be binding, and instead serves only to memorize the vision of the parties to operate the BWPS and irrigation system at the GAL. However, in entering into this non-binding MOU, the parties ensure that all parties share the same vision, the same goal, and the same methods and processes, and provide a working diagram of how to resolve any differences that may surface as their relationship develops.
- H. No party may assign their role, as set forth in this MOU, without the prior written consent the other party hereto, which consent may be given or withheld in the other party's sole and absolute discretion. Any attempt by either party to transfer this Agreement or any of that party's expectations hereunder without such consent shall be null and void, and this MOU shall automatically terminate.

KELENA FARMS, INC.

AGRIBUSINESS DEVELOPMENT
CORPORATION
State of Hawaii

Its Date

Executive Director Date

DAVID Y. IGE
Governor

JOSH GREEN
Lt. Governor



Item J

JAMES J. NAKATANI
Executive Director

STATE OF HAWAII
AGRIBUSINESS DEVELOPMENT CORPORATION

235 S. Beretania Street, Room 205
Honolulu, HI 96813
Phone: (808) 586-0186 Fax: (808) 586-0189

July 22, 2020

Subject: Request for Approval to Re-Issue a Revocable Permit to Guardian Transport Services LLC for an Uncovered Parking Area at 1001 California Ave., Wahiawa, Oahu, Tax Map Key (1)7-4-12-16

Applicant: Guardian Transport Services LLC

Authority: Section 163D-4(a)(5), Hawaii Revised Statutes

Area: 2,000 square feet

Field No.: N/A

Tax Map Key: (1)7-4-12-16

Land Status: Acquired in fee by the State of Hawaii Agribusiness Development Corporation, September 25, 2013 from Tamura Enterprises, Inc.

Trust Land Status: N/A

Character of Use: Parking

Lease Term: Revocable Permit

Base Rental Rate: \$100.00 Monthly Fee

BACKGROUND:

Guardian Transport Services LLC (Applicant) was issued a revocable permit on July 3, 2019 for an uncovered parking area on an open lot at the warehouse known as the former Tamura Warehouse at 1001 California Avenue. The applicant is a trucking company certified by the Public Utilities Commission to operate dump trucks, flat rack trailers and tanker trailers on State highways.

The Applicant parks its trailers at the rental site and has kept the area in very good condition. He places plywood under any vehicles to prevent oil and lubricants from dripping onto the ground. His rent account is in good standing.

The Applicant has been informed that the University of Hawaii College of Tropical Agriculture and Human Resources may move in to the warehouse and that in the event this occurs, thirty (30) days advance notice will be given for him to vacate the premises.

CONCLUSION: Applicant is in good standing and utilizes the premises as described under its revocable permit.

RECOMMENDATION:

Approve the reissuance of a revocable permit to Guardian Transport Services LLC at 1001 California Ave, in Wahiawa, Oahu subject to the following terms and conditions:

1. The term of this revocable permit shall be on a month-to month basis;
2. The base rent shall be \$100.00 per month;
3. All terms and conditions of the revocable permit shall remain the same.

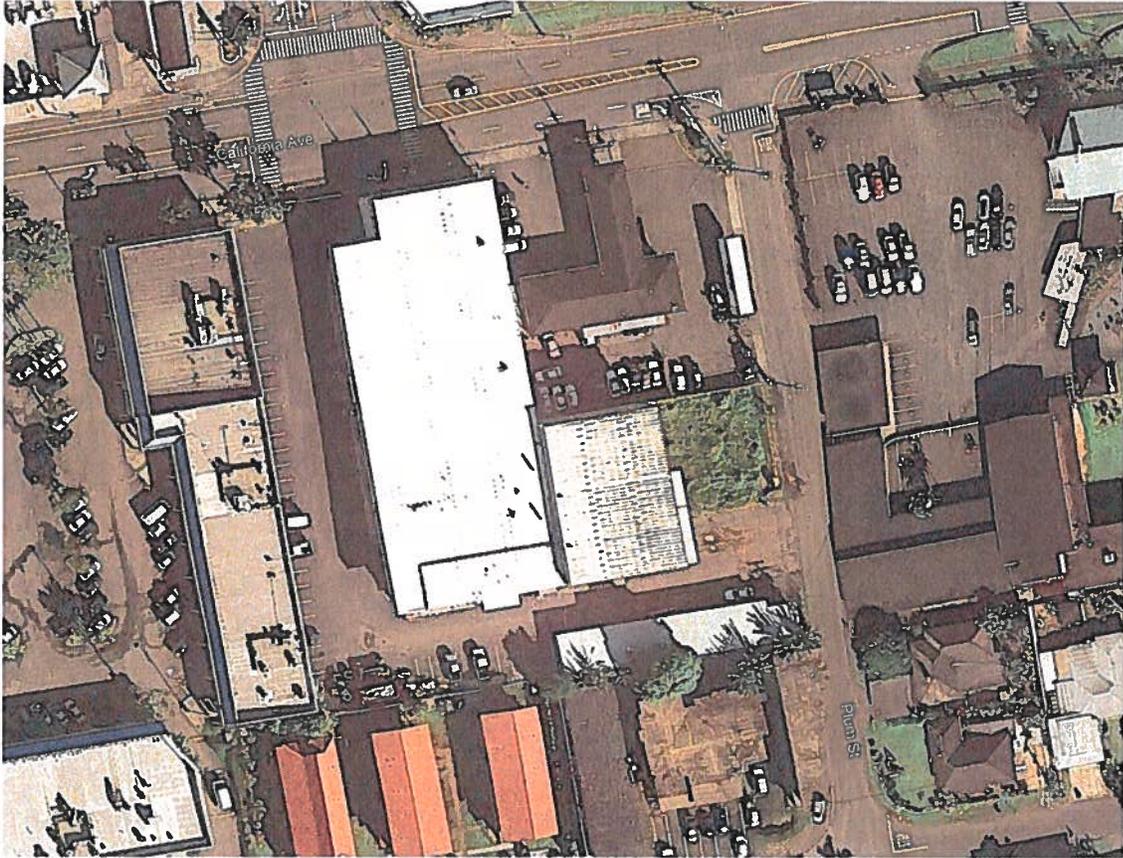
Respectfully submitted,



James J. Nakatani
Executive Director

Guardian Transport Services LLC
RP-1901
1001 California Ave.

Item J, Exhibit A
ADC Board Meeting
July 22, 2020



ADC Executive Director's Update
July 22, 2020

1. Newsletter
2. Central Oahu: Vacant ADC Agricultural Lands



Recent fire in Whitmore on a vacant parcel

Anticipating budget constraints and cuts due to the COVID-19 pandemic that has crippled the State's economy, the ADC has reevaluated its strategy to increase the occupancy on its vacant agricultural lands on Oahu. In total, ADC has 1,495 gross acres of vacant agricultural lands in the Central Oahu region. These lands have not been farmed in decades and are currently unirrigated. The ADC estimates it will cost \$10,000 to develop an acre of land for diversified agriculture, which includes clearing, irrigation, and infrastructure. Realizing that the development cost may be too high for diversified agriculture operations, ADC is considering ranching/livestock as an alternative, as opposed to leaving these lands vacant. There are several benefits from livestock grazing, which include loosening the soil during dry periods, building soil health, and fire mitigation.

The ADC plans to open these vacant parcels to diversified agriculture, first. The remaining parcels will be offered to ranchers on a short-term basis (5-10 years) until the lands can be developed for diversified agriculture production. The ADC would like to form a selection/review committee to 1) assist in developing the parameters of the selections process and solicitation, and 2) evaluate the land applications received and select the most qualified applicants. The selection/review committee should be comprised of at least 5 members from the Agriculture sector and ADC Board of Directors. The ADC has received numerous complaints regarding fires, homeless encampments, and criminal activity on these vacant parcels and is seeking to begin its search for interested applicants immediately.



Agribusiness Development Corporation

Attachment - Item K-1
ADC Board Meeting
July 22, 2020

Ag Notes

JULY 2020 NEWSLETTER

ADC farmers on Kauai

For many years, Kalani'umi Martin's family grew taro in the Kekaha area of Kauai when he had thoughts of expanding the family's farming business.

"I wanted to get into the tropical fruit business," said the 42-year-old Native Hawaiian farmer, who notes the microclimate of the west side of Kauai creates optimal conditions to raise that type of local crop.

"Kekaha is the best place to grow mango," Martin said. "Flat land, endless sunshine makes it ideal to grow mangoes and other tropical fruit out here."

Since leasing five acres of land on Kauai from the State Agribusiness Development Corporation (ADC) four years ago, Martin has raised his mango orchard, along with other tropical fruit of avocado, guava and lilikoi.

"Kekaha has ideal growing conditions, it has the potential to be the breadbasket of Kauai," said ADC executive director James Nakatani.

Martin has already created a high-density mango tree orchard on his leased parcel. Most mango farms grow approximately 50 trees per acre, but Martin maximizes usage of the land by raising 600 trees per acre using a fairly new planting and pruning technique from India.

"It's turned out fairly well so far," he said.

With the recent economic impacts of COVID-19, he hopes there's a

"greater appreciation" by the public and consumers of what local farmers produce. There has also been his recent share of challenges at his farming operations; some of it COVID-19 related, others dealing with Mother Nature.

"We had huge rains in March, where we lost 30 avocado trees," Martin said. "Hopefully, I can move forward next year with the next harvest."

He's considering a business venture in creating processed soda and other drinks using the cultivated mango as beverage syrup. And he wants to expand the acreage of his planting operation.

Martin, who's lived most of his life on Kauai, added: "To be able to farm in the place I live and love is all I can ask for. Kekaha is a beautiful place to be."

To learn more about ADC and our work in the community, go to our website at www.hdoa.hawaii.gov/adc.

Right: Martin and Mike Faye inspect white pirie mango trees



Above: Ripening rapozo mango on Kalaniumi Martin's farm on Agribusiness Development Corp. property in Kekaha.



Above: Field of keitt mango trees

ADC Continues to Restore Whitmore Farmland

This summer, ADC continues its work in removing abandoned vehicles left on-site in its ongoing effort to restore the 230-acre parcel Whitmore property for operational use. These and several security improvements have been made in response to complaints by adjacent neighbors regarding on-site criminal activity and vandalism.

A tow company was hired in early June and since has already removed over 100 abandoned vehicles from the area. Before the vehicles were hauled away, the owner of each vehicle needed to be identified and notified as required by law.

In the coming months, efforts will be made to clear brush, trash, and other debris from the area to prepare it for agricultural production. If you observe any suspicious activity on our property, please call 911 or contact ADC Property Manager Lyle Roe by contacting him at (808) 622-6696 or lyle.t.roe@hawaii.gov.

Thank you for your understanding with the ongoing situation as ADC works to continue making the site safer and care for our aina.

Right: Tow company Highway Response was recently contracted to clear away abandoned vehicles on ADC property in Whitmore. Since June 11 crews have so far removed over 100 vehicles from the area.



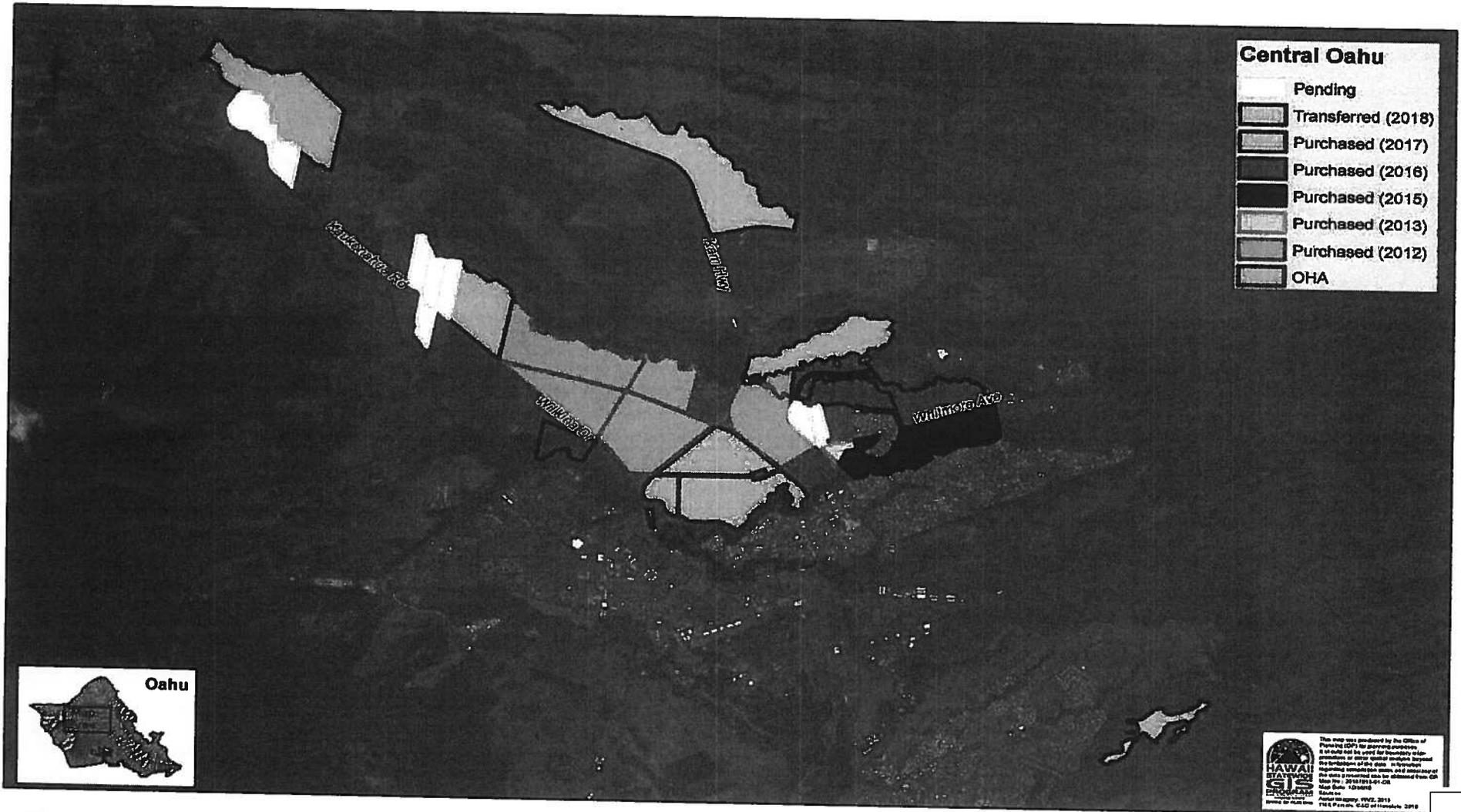
Please Continue to Support Our Local Farmers!

Our local farmers have been greatly affected by the recent COVID-19 pandemic that has impacted restaurants and other businesses that utilize their products.

Please continue to buy their produce and other locally-raised items at your local grocery store, area farmer's market and even online!

Left: Lettuce grown indoors at Mari's Gardens in Mililani

ADC Land Inventory



- + **Farmland:** 1,200 acres leased to farmers from the Agribusiness Development Corporation. Soon, the Agribusiness Development Corporation will own nearly 4,000 acres of agricultural land in Central Oahu.
- + **Office of Hawaiian Affairs:** 500 acres of farmland owned by OHA
- + **Agricultural Hub:** Ag-Industrial Park will include food safety, packaging and processing facilities, and office space.
- + **Warehouse:** Formally the Tamura's Warehouse, this structure will be retrofitted for into a value-added product development center.

DAVID Y. IGE
Governor

JOSH GREEN
Lt. Governor



Item L-2

JAMES J. NAKATANI
Executive Director

STATE OF HAWAII
AGRIBUSINESS DEVELOPMENT CORPORATION
235 S. Beretania Street, Room 205
Honolulu, HI 96813
Phone: (808) 586-0186 Fax: (808) 586-0189

July 22, 2020

Subject: Request to Rescind Board Approval Dated January 14, 2014 to Issue a Land License to Ohana Best, LLC for a Portion of the Galbraith Agricultural Lands in Whitmore, Oahu, Tax Map Key (1)7-1-01-05 (por)

Authority: Section 163D-4(a)(5), Hawaii Revised Statutes

Area: 160 acres

Tax Map Key: (1)7-1-01-05 (por)

BACKGROUND:

On January 14, 2014, the Agribusiness Development Corporation (ADC) Board of Directors approved the issuance of land licenses to Ohana Farm, LLC to farm on 160 acres of the Galbraith Agricultural Lands, shown in Exhibit "A." To date, Ohana Best has not signed their land license.

Upon receiving the Board approval, the Licensee began clearing and grubbing the land, prepared and filed a soil conservation plan, rehabbed and restored swales, channels and culverts, installed primary and secondary roadways, and constructed distribution infrastructure. The Licensee also placed a 30' metal container next to a 15' by 45' by 8' office building, erected a 30' by 60' farm equipment repair metal hangar as well as stockpiled 4 acres (30' high) pile of road cold plane material.

The property has since been abandoned and the improvements taken over by criminal trespassers. The ADC has had to remove numerous encampments from the property, install gates and barriers, and hire special duty officers and private security to keep trespassers from returning. ADC and HPD has also had to sort through dozens of abandoned and stolen vehicles that were illegally dumped on the property. The ADC has hired a private towing contractor to remove vehicles and properly dispose of them at an approved recycler. To date, ADC has removed over 150 vehicles.

CONCLUSION:

The property has been abandoned and ADC anticipates placing a farmer and/or contractor on this vacant agricultural land as soon as possible to begin actively farming and to provide an on-site presence for security. The reservoir onsite was completed on June 26, 2020 and water could be available as early as the end of July 2020. However,

Request to Rescind Board Approval Dated January 14, 2014 to Issue a Land License to Ohana Best, LLC for a Portion of the Galbraith Agricultural Lands in Whitmore, Oahu, Tax Map Key (1)7-1-01-05 (por)
July 2, 2020
Page 2 of 2

due to the ongoing COVID-19 crisis the completion of the waterline may be pushed back to late August- September 2020. There are about 30 acres of cleared land (no trees or tall grass). The land was primarily used to grow pineapple and may need some supplement (sand, lime, organic matter, etc.) depending on what the farmer plans to grow. For this reason, the ADC requests that the board rescind the approval to issue a land license to Ohana Best, LLC, so that the land can be opened to farmers and/or contractors capable of immediately handling large acreage.

RECOMMENDATION:

Rescind the Board approval dated January 14, 2014 to issue a land license to Ohana Best, LLC for a portion of the Galbraith Agricultural Lands in Whitmore, Oahu Tax Map Key (1)7-1-01-05 (por).

Respectfully submitted,

A handwritten signature in black ink, consisting of several loops and a trailing line, positioned above the printed name.

James J. Nakatani
Executive Director



TMK: 7-1-01-05 (por)
Area: 160 acres

WHITMORE VILLAGE

N Kam Hwy

S Kam Hwy

EXHIBIT "A"

Item 1-2, Exhibit A
ADC Board Meeting
July 22, 2020