

AGRIBUSINESS DEVELOPMENT CORPORATION

Minutes of the Board of Directors Meeting held Virtually on April 28, 2021
Via Zoom Teleconference

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 Zoom meeting venue.

Members Present, virtually:

Sandra Kato-Klutke, Kauai County Member (Chairperson)
Mary Alice Evans, Designated Representative, DBEDT, Ex-Officio Member
Lloyd Haraguchi, Member-At-Large
Kevin Hopkins, Hawaii County Member
Frederick Lau, City & County of Honolulu Member
Kaleo Manuel, Designated Representative, DLNR, Ex-Officio Member
Douglas Schenk, Maui County Member
Karen Seddon, Member-At-Large (Joined at 10:18 a.m.)
Phyllis Shimabukuro-Geiser, Chairperson, Board of Agriculture, Ex-Officio Member
Warren Watanabe, Member-At-Large

Counsel Present, virtually:

Jodi Yi, Deputy Attorney General

Staff Present, virtually:

James Nakatani, Executive Director
Myra Kaichi, Sr. Executive Assistant
Ken Nakamoto, Project Manager
Lyle Roe, Property Manager
Lori Nakamura, Executive Secretary

Guests Present, virtually:

Mr. Gerald Sanchez
Mr. Morris Atta
Mr. Wallace Johnson
Ms. Rhoda Libre

A. Call to Order

Chairperson Kato-Klutke called the virtual meeting to order at 9:07 a.m.

B. Roll Call

Ms. Kaichi conducted a roll call of the Board; nine members present (Sandra Kato-Klutke, Mary Alice Evans, Lloyd Haraguchi, Kevin Hopkins, Fred Lau, Kaleo Manuel, Douglas Schenk, Phyllis Shimabukuro-Geiser, Warren Watanabe). This also serves as a roll call vote. 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 this initial roll call.

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C. Approval of minutes from the February 24, 2021 virtual meeting

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

Chair asked for comments from the public. There were none.

Chair asked for comments from the Board. Hearing no comments, motion carried.

Vote: Approved, 9-0

D. Request for Approval to Refer License No. LI-KA1412 Issued to Gerald M. Sanchez to the Department of the Attorney General for Possible Legal Action

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

Staff rests on written submittal; Mr. Roe is available for questions.

Chair asked for comments from the public. Mr. Gerald Sanchez joined the meeting via phone. He stated that he has been having trouble with Green Energy and tried to get the Board's attention by not paying his lease rent. He recognized that it was the wrong way to go about it and would like to resolve the issues with some help from ADC. He would like to meet with Green Energy so they can settle the problem. He referenced his agreement from 2011 with Green Energy that they would leave the property in good condition after harvesting the trees, but he said that was not the case.

Chair asked for comments from the Board. Ms. Evans asked Mr. Sanchez if Green Energy was the lessee prior to him. He replied no. She asked how Green Energy got the agreement to harvest the albizia trees on this property. He stated from ADC. She asked if the arrangement was a continual project or if they were supposed to complete the harvest before he assumed the lease. Mr. Sanchez replied that he had the lease from 2008 and Green Energy came onto the property in 2018. At that time, he was recovering from surgery and was not available to check on the harvest. Mr. Sanchez stated that the stumps were left behind, and his fences were removed. Ms. Evans asked if ADC or the Kalepa property manager had an agreement with Green Energy? Mr. Nakatani clarified that ADC had not been involved in this arrangement between Mr. Sanchez and Green Energy. Ms. Evan asked Deputy Attorney General Yi if mediation is possible and she responded yes, her office can assist if the Board so chooses.

Mr. Nakatani explained that the area was cleared but the stumps were left behind. It has been five years since then and the overgrowth has returned. He clarified that the issue is whether Mr. Sanchez is going to do something with the property as there has been no movement. ADC has been asking for a plan but has not received one.

Mr. Sanchez stated that Green Energy took only half of the trees off the property and took his fences. Mr. Schenk asked Mr. Sanchez if he had provided to ADC, copies of the agreements between Green Energy and himself. He answered that he gave copies to Mr. Sam Lee (previous ADC consultant). Mr. Hopkins asked if we have any authority in this situation since ADC was not party to the agreement with Green Energy. Mr. Manuel asked Ms. Yi if Mr. Sanchez' license gives him the authority to sub-license. Ms. Yi stated that most of our licenses state that sub-leasing is not allowed, and Mr. Roe confirmed that. Ms. Kaichi doesn't think the subject agreement is a sub-license but we don't know and that's why we need to see the document. The matter before the Board is whether this should be continued to be handled at the staff level or if it should be sent over to the Attorney

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General's office for handling. Mr. Hopkins asked if staff has the capability to do this or are these legal matters in which case, we should refer it to the Attorney General's office to review and provide a legal opinion. Mr. Roe reiterated that this is what we are attempting to do as this has been going on for years. He stated that Mr. Sanchez expressed regret in falling behind on his rent payments but if that can be settled and the premises brought up to usable standards, we can move forward.

Mr. Manuel has concerns with some of the language in the submittal such as lack of documents, lack of communication, agreements being issued by lessee. How we manage our licensees is a concern, as noted in the audit regarding land management. Mr. Nakatani said we are trying to address the land management concerns and this is an example of the difficulty with working with some of the tenants. We have tried to remedy the situation but need the support of the Attorney General's office.

Mr. Sanchez stated that he is willing to meet but hasn't able to schedule a meeting.

Mr. Haraguchi agreed with staff's recommendation on this matter.

Ms. Shimabukuro-Geiser asked Mr. Roe about Mr. Sanchez's statement that after Green Energy completed the harvest his fencing was removed – do we have any record of that? When Mr. Roe conducted site visits in January and April, he noted that the fencing has been reinstalled and is complete. ADC has a copy of an unsigned document stating the work that was going to be done but there are no parties names listed. ADC did not consent to this.

Mr. Schenk said there has been plenty of time to resolve this issue; therefore, he is in full support of sending this over to the Attorney General's office with the hopes that it be resolved in Mr. Sanchez's favor. However, should it not, we can move forward and get the land in use.

Mr. Roe clarified that ADC will be working very closely with the Attorney General's office and not simply handing over the matter. ADC wants to resolve this years-long matter as it involves 100 acres of overgrown and unused property.

Chair asked for further comments from the Board. There were none.

Chair asked if there were any objections to the recommendation. There were none.

Vote: Approved, 9-0

- E. Request for Approval of the Withdrawal of Governor's Executive Order 4474 Dated November 24, 2014 Setting Aside 147 Acres, More or Less, of Certain Lands in Waialua, Oahu to the Agribusiness Development Corporation, Tax Map Key (1) 6-9-001-002, -003, -036

Motion to approve: M.A. Evans / Second: P. Shimabukuro-Geiser

Staff rests on written submittal; Mr. Roe is available for questions.

Chair asked for comments from the public. There were none.

Chair asked for comments from the Board. Mr. Hopkins is familiar with the parcel; it is a difficult parcel and is in support of the recommendation.

Mr. Manuel asked for clarification on the language used in the submittal (withdrawal vs. rescission).

Ms. Shimabukuro-Geiser asked Mr. Morris Atta to join the meeting to answer the question. Mr. Atta

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explained that the land transfer process involves multiple steps, one of which is the mutual consent by the board of ADC and the board of the Department of Agriculture (“BOA”). He stated that either term can be used – withdrawal or rescission. The board of the Department of Land and Natural Resources (“BLNR”) is the one who will be requesting the transfer from the Governor; there will be a simultaneous ADC withdrawal and immediate re-set-aside to DOA. The joint request from ADC and BOA will go to DLNR to facilitate the transfer with BLNR and the Governor’s office.

Chair asked if there were any objections. Hearing none, motion carried.

Vote: Approved, 9-0

- F. Request for Approval to Renew Revocable Permit No. RP-7004 Issued to Gary Smith for 2,780 square feet, More or Less, in Kekaha, Kauai, for One Year, Tax Map Key (4) 1-2-002-001 (por)

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

Staff rests on written submittal; Mr. Roe is available for questions.

Chair asked for comments from the public. There were none.

Chair asked for comments from the Board. Mr. Manuel asked why the licensee cannot be granted a long-term license (based on location and type of use)? Mr. Roe explained that we typically do not issue licenses for non-commercial use. The tenant is a ‘holdover’ from DLNR and ADC continues to honor that. It is for private use and is best held as a revocable permit.

Ms. Evans asked if this is the smallest parcel that ADC manages? Mr. Roe answered yes, it is. Mr. Manuel asked if it might be better to sell the parcel to the permittee given the small size? Mr. Nakatani explained that the land belongs to DLNR and is part of an easement needed for ditch cleaning; however, we have not accessed that side of the ditch because of the homes along that line. Mr. Manuel stated that DLNR does have a process which can dispose of remnant parcels if it’s in the public’s interest. Mr. Nakatani responded that because this parcel is part of an easement for the ditch, we are not ready to release it.

Ms. Evans commended Mr. Smith on having a legal right for maintaining this parcel as there are other instances where private use encroaches on public land and it is a problem getting people to remove their gardens and chicken coops from state land.

Hearing no further comments or objections, motion carried.

Vote: Approved, 9-0

- G. Presentation by Wallace Johnson of Hawaii Labor Solutions, Inc. and Global Ag Solutions Inc. regarding Development Plans in Kekaha, Kauai

Mr. Wallace Johnson, President of Global Ag Services and Hawaii Labor Solutions, presented information on his farming operations which include mangoes, tomatoes, sweet corn, and watermelons. He provided an update on his tunnel houses, or shade houses, and would like to put up more in the future.

Mr. Watanabe left the meeting at 9:55 a.m. and returned a few minutes later.

Ms. Shimabukuro-Geiser left the meeting at 10:00 a.m. and returned a few minutes later.

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Mr. Schenk left the meeting at 10:09 a.m. and returned a few minutes later.

Chair asked for comments from the public. There were none.

Chair asked for comments from the Board. Ms. Shimabukuro-Geiser asked Mr. Johnson about the tobacco he harvests. Mr. Johnson clarified that the tobacco crop is strictly for use by a research company and is sent directly to the research facility; none of it is for commercial use.

- H. Request for Approval to Amend License No. LI-K1001 Issued to Sunrise Capital, Inc. to Withdraw 9 Acres, More or Less, of Field 314 in Kekaha, Kauai, Tax Map Key (4) 1-2-002-001 (por)

Motion to approve: M.A. Evans / Second: K. Manuel

Staff rests on written submittal; Mr. Roe is available for questions.

Chair asked for comments from the public. There were none.

Chair asked for comments from the Board. Mr. Manuel asked for clarification on the acreage: page 1 indicates a total of 423.85 acres, that will be reduced by 9 acres. Mr. Roe confirmed that is correct.

Hearing no further comments or questions, motion carried.

Vote: Approved, 9-0

- I. Request for Approval to Amend License No. LI-K1901 Issued to Hawaii Labor Solutions Inc. to Include 9 Acres, More or Less, of Field 314 in Kekaha, Kauai, Tax Map Key (4) 1-2-002-001 (por)

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

Mr. Roe noted a correction to page 2 of the submittal. The 3rd paragraph on the page, end of first line – should read field 314 (instead of 319).

Chair asked for comments from the public. There were none.

Chair asked for comments from the Board. Mr. Manuel asked if Ms. Evans would like to enter a motion to amend the recommendation to add the approval of the greenhouses, if staff is supportive of that. Ms. Evans agreed. Mr. Manuel asked staff if they want the amendment or keep the recommendation as drafted. Mr. Roe stated either option is fine but explained that the shade houses are included under the land request, but it can be added to the recommendation if the Board so chooses. He noted that Mr. Johnson has also requested to add shade houses on field 123 which is not listed in this submittal so it would be best to stick with the submittal as written.

Ms. K. Seddon joined the meeting at 10:18 a.m.

Ms. Evans asked if these types of operational decisions were delegated to staff? It is a more efficient way to handle these types of situations. Mr. Manuel recommended the addition of an action item that the Board administratively approve the construction of these shade houses for this specific license. Then staff can go back to the Board with a request for delegation of authority to the executive director to approve these types of requests. The delegation would need to be on the agenda of a future meeting. Ms. Shimabukuro-Geiser asked for input from deputy Attorney General Ms. Yi. She replied that in this case, there doesn't need to be a separate action item for the shade houses. Ms.

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Shimabukuro-Geiser asked about the delegation of authority for subsequent items. Ms. Yi answered, yes, that would need to be put on a future agenda for approval.

Chair asked if there were any objections. Hearing no objections, motion carried.

Vote: Approved, 10-0 (Ms. Seddon is included in the vote count)

J. Presentation by Rhoda Libre of Kauai Aloha West, LLC Regarding Development Plans in Kekaha, Kauai

Ms. Rhoda Libre, representing Kauai Aloha West, presented her proposal for 47 acres in Kekaha on Field 207. They started working on this proposal with Kekaha Agricultural Association in 2018. They intend to start with their catch crops of sour sop, jack fruit, sweet potatoes, and citrus to support KAA's program of Farm to State. Also in their long-term plan are marungay, edible flowers, and herbs.

Chair asked for comments from the public; there were none.

Chair asked for comments from the Board. Chair asked where Ms. Libre is farming now? Ms. Libre answered she is farming on her family farm in Omao. Chair asked where she is selling her products? Ms. Libre answered juices are sold locally, palms go to some hotels/resorts, the loi helps native Hawaiian programs (students from charter schools come to work in them), and some of those products are sold at the Sunshine Market in Poipu.

The board recessed for a ten-minute break.

K. Update on the Progress of the Investigative Tenant Review and Recommendation Committee, and the Investigative Agricultural Activity Policy Committee

The meeting resumed at 10:44 a.m.

Tenant Review & Recommendation Committee: Mr. Ken Nakamoto recapped that the notification to interested applicants was approved by the Board on February 24, 2021. The notification was issued on March 24, 2021. The application deadline was extended to from April 9 to April 27, 2021. The reasons for the extension were because there was a lot of interest after the solicitation was issued, there were storm events, and the ongoing pandemic. To date there are 32 applications: 28 submitted on-time and 4 late submissions. The selection process is scheduled to begin on May 4, 2021. The Chairperson of the committee is Mr. Watanabe. He thinks the process is good and that 32 is a good number of applicants. Chair asked if they are asking for small parcels or 50 acres or more? Mr. Nakamoto answered that he has not opened the applications as the committee will meet on May 4 and will begin discussions.

Chair asked if there are any questions from the public; there were none.

Chair asked for comments from the Board; there were none.

Agricultural Activity Policy Committee: Mr. Schenk reported that the committee has met three times to work on this complex undertaking. The factors needing to be considered: are the policies in alignment with ADC's mission, with state laws, and are they workable from the farmers' standpoint?

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The assignment includes four policy areas which are quite broad and extends beyond ADC's capabilities, i.e. market research; and staff will need additional resources. There are high-level policies and operational policies. They are collecting information and working off a matrix which will take some time. The committee is trying to come up with a decision tree that allows transparency but doesn't lose sight of ADC's mission. Mr. Hopkins added that item N below is very broad, but in item M we are very restricted. If we keep the goals as they are, we can move quickly, meaning if we restrict ourselves to our lands, and lands that we are potentially going to buy, we can come up with our answers much more quickly and meet our mandate.

Chair thanked all committee members and staff for their work.

L. Appointment of Committee Members to the Whitmore Development and Recommendation Investigative Committee

Mr. Nakamoto explained that ADC has a property out in the Whitmore Village area and is looking to redevelop it for agricultural purposes. ADC is seeking guidance on developing a fair and reasonable RFP process, with support from the Board, on items such as incentives, types of facilities, etc. Chair announced that she has appointed Ms. Seddon and Ms. Evans to the committee, along with a third member from the community, Mr. Keoni Ahlo. Chair asked Mr. Nakatani to share Mr. Ahlo's bio.

Mr. Ahlo is a small business owner in Wahiawa. His volunteer experience includes the Board of Directors of the Wahiawa Community & Business Association, Rotary Club of Wahiawa-Waiialua, and Lions Club. Mr. Nakatani stated that Mr. Ahlo is very qualified and active in Wahiawa and will be an asset to the committee.

Chair asked for comments from the public; there were none.

Chair asked for comments from the Board. Mr. Manuel asked if Mr. Ahlo is aware that serving on this committee makes him ineligible to submit an RFP. Mr. Nakatani confirmed that he spoke with Mr. Ahlo and he is aware of that; Mr. Ahlo's role will be as a liaison to the community.

M. Review and Discussion on the Legislative Auditors' "Audit of the Agribusiness Development Corporation", Report No. 21-01, submitted to the Legislature on January 14, 2021

Ms. Evans supported Mr. Hopkins' earlier comments about the need to define ADC's mission based on current conditions in agriculture rather than the situation back in 1994. We've learned that the way it was written is impossible as a public corporation with limited assets and staff. She supported a more narrow, focused mission for ADC.

If the desire is to change the focus of ADC, Mr. Manuel thinks that we should recommend an amendment to the statute in which ADC was created and formally change that. Our mission, vision, goals and objectives need to be consistent with our statutory mission.

Ms. Shimabukuro-Geiser pointed out that the discussion of the mission statement is the next agenda item. Do we want to take the item out of order? Chair agreed.

Mr. Nakamoto stated that the Board asked staff to prioritize the recommendation list, which they did. If the Board doesn't agree with the prioritization, please provide guidance.

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Mr. Hopkins thanked staff for their work on the matrix. He referenced the first item under the Executive list which is the mission statement. Many things on the list we do not do as they are outside our scope. He had questions related to operations and resources as there is a disconnect between what the legislature says we can do and the resources that are given to us to do them. He would like to work on the mission first.

Ms. Evans asked about the chart for Item M. The goals and objectives chart in Item N are consistent with ADC's mission. Which item are we discussing? Chair clarified that we are currently on M, but some want to move to N first.

Mr. Haraguchi stated that the Board asked staff to prioritize the recommendations, which they have. He thinks that what staff is looking for is direction from us on the prioritization. The matter of the mission statement can be worked on separately.

Mr. Hopkins' concern is not with the prioritization, as for the most part, he is fine with it. But for us to go forward on some things, we must decide what is in our mission. Is our mission: all of Hawaii agriculture, or agriculture on state lands, or on lands that we would potentially purchase? We have to be able to set a boundary on what we are setting out to do.

Mr. Watanabe concurs with Mr. Hopkins and Mr. Manuel. If we are going to re-do the mission statement and goals, we need to do it legislatively. If we are going to do that, that's where we start.

Mr. Haraguchi doesn't disagree but for this item's discussion, does the Board agree with prioritization? That's what staff is looking for then we can move on to the next item. Unless the goals and objectives will change the prioritization, that is another matter.

Mr. Manuel recommended that a consultant/planning firm be hired to help develop a Hawaii Agribusiness Plan. They can help with a re-evaluation of how we implement this agribusiness development program. This will allow us to review where we are, where we were and where we want to go; can develop a plan and build in many of the audit findings. After that we may find that we need statutory amendments. If we have funding available, this would be a good first step to addressing this.

Ms. Shimabukuro-Geiser asked about page 3 of the submittal – the prioritization chart. What does the shading of some of the items mean? Mr. Nakatani explained the three 'buckets' of priorities. Administrative = can easily do; Executive = higher-level; Other = items that did not fit into the other buckets. Mr. Nakamoto clarified that the item numbers correspond to the matrix and the shaded items mean they are completed or have already been addressed.

Mr. Nakatani stated that the ADC Board needs to address the recommendations made by the auditor when there is a duplication of efforts, for example with financing. There are financing programs in DOA (state), FSA (federal), credit unions (private), etc. There's no reason to duplicate these efforts. He spoke with Mr. Dean Matsukawa about financing and asked if we can we do a MOA or MOU; he answered yes. With respect to marketing, there's no sense in duplicating this effort since it is already being done by DOA. What is it going to cost if we do pursue these?

Mr. Schenk left the meeting at 11:21 a.m. and returned a few minutes later.

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Ms. Shimabukuro-Geiser explained that ADC is an attached agency of DOA (“the department”). When ADC makes recommendations, it shouldn’t be directing the department on what to do. ADC should be identifying what the department already does, and how the department can work together with ADC to address the audit recommendations.

Chair asked for comments from the public; there were none.

Chair explained that Item M is for discussion only.

Ms. Shimabukuro-Geiser wants the Board to look at the prioritization that staff has prepared. She reiterated that ADC is short-staffed and outsourcing certain items is okay, but filling vacancies is just as important. Outsourcing is a short-term fix. Chair agreed.

Mr. Watanabe asked Ms. Shimabukuro-Geiser for information from the department to help prioritize, such as market development. Ms. Shimabukuro-Geiser stated that for the last 5-7 years, ADC’s focus has been on land acquisition and getting licensees rather than doing marketing. What she thinks would help is better communication – let licensees know what programs are available to them, such as marketing. If the licensee is not part of a farming organization, they can get help from the department with promoting certain commodities and export opportunities. With financing, let them know of the Ag Loan programs that are available to them.

Mr. Haraguchi asked that Ms. Shimabukuro-Geiser share exactly what is available; that would help staff get the information to the tenants. Ms. Shimabukuro-Geiser responded that the information is available on their website and we need to connect the appropriate staff. She asked who at ADC is doing the outreach? Mr. Nakatani answered that if tenants have questions on financing or marketing, we do refer them to the appropriate DOA contact. When Mr. Nakatani started, ADC’s priority was to develop ADC lands, which we have done. What is the strategy for Hawaii – it doesn’t say who has to do it. Do we want to do just ADC or all of Hawaii? Chair stated that when she receives information from DOA, she shares it with the Kauai tenant community. It would be helpful if we all can do that.

There being no further comments or questions, Chair stated this will be reviewed and discussed again at the next meeting. She highly recommends that the Board go through the matrix and the priorities thoroughly so we can better discuss them at the next meeting.

N. Review and Discussion of the Agribusiness Development Corporation’s Mission Statement, Goals, and Objectives.

Mr. Nakamoto stated that staff identified this as our top priority; this mission sets the tone for everything that we do. We would like to keep ADC’s mission as-is. The current mission statement is: To acquire and manage, in partnership with farmers, ranchers and aquaculture groups, selected arable lands, water systems and infrastructure for commercial agricultural use and to direct research into areas that will lead to the development of new crops, markets and lower production costs.

Chair asked for comments from the public; there were none.

Chair asked for comments from the Board. Ms. Evans stated that this seems appropriate, but she noted that there has been a push by the legislature to re-purpose staff and resources to promote non-commercial subsistence farming, or commercial farming on 10-acres or less. It is difficult to do both large and small operations with the same program. Is ADC required by Act 264 HLS 194 to focus on

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all agriculture, state-wide or whether it is to focus on lands it has acquired or may acquire? If the mission statement is focused on lands that we acquire and manage for commercial agriculture purposes, it sounds very reasonable.

Mr. Schenk left the meeting at 11:42 a.m. and returned a minute later.

Mr. Schenk supports the mission as it stands.

Ms. Evans left the meeting at 11:45 a.m. and returned a minute later.

Mr. Manuel asked by who and when was the mission developed? Mr. Nakatani explained that much of this predates all current staff, so it is unknown. It was possibly developed when ADC was established but there is no record of it.

Mr. Haraguchi said that the statement is appropriate for ADC.

Mr. Manuel asked if we can use the term ‘agricultural enterprise’ which aligns with what we’re doing. It has the same meaning as commercial. Mr. Nakatani asked Ms. Shimabukuro-Geiser to comment on this. He said that we were criticized in the UHERO report for not being more aggressive in this respect, and in order to move agriculture, it has to be ‘commercial’. Mr. Manuel explained the definition of enterprise as ‘for profit business or company’. He referenced 163D-1 – assist agricultural enterprises – wanting to bridge the legislature’s intent and what we do, he suggested adding the word ‘enterprise’ to our purpose.

Mr. Hopkins left the meeting at 11:49 a.m.

Ms. Shimabukuro-Geiser shared that there was a discussion with CTAHR on the semantics of ‘enterprise’ vs. ‘commercial’. Out of that conversation, they came to an understanding that to promote agricultural enterprises, would mean a lot of time and resources spent. It refers to high-risk taking ability. ‘Commercial’ is more relevant as it is defined as the entity as being economically viable for families which is more applicable to farming operations in Hawaii.

Ms. Evans supported Ms. Shimabukuro-Geiser’s comment. She referenced the definitions in 163D-2, enterprise includes, “provided that the majority of what the corporation produces shall be produced for export”. This may have been the focus back in 1994 but there has been a pivot in thinking that we are looking to support commercial agriculture to double local food production for local use. She supported Mr. Manuel’s thought that we may need to propose changes to the chapter to bring the chapter more in line with current focus. It doesn’t change the mission – we may need to propose changes to the chapter.

Ms. Shimabukuro-Geiser added that when ADC was created, food security was not a big issue. Society has changed and we have to look at what we foresee for the next 5-10 years for the industry. There is a lot of focus on food security. Mr. Manuel asked if we want to add food security and local food production to the mission?

Mr. Haraguchi asked Ms. Shimabukuro-Geiser if food safety has become a push at the department level? Ms. Shimabukuro-Geiser responded that the department’s internal plan is to increase food security (includes food safety and GAP certification). He asked if it is necessary to add that to our

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mission statement or is covered under the department's mission? She replied that adding 'food security' is what she would recommend.

Chair left the meeting at 11:56 a.m. and returned a minute later.

Mr. Nakatani said that food security and food safety should be in ADC's goals. The mission should be kept broad, in his opinion. If you want to add anything, they should be listed in the goals and objectives area.

Mr. Lau asked if ADC should be focused on our lands and not all lands (which is DOA) and be incorporated into the mission statement? Chair asked where could we add that? Mr. Lau answered it could be inserted prior to 'infrastructure'.

Mr. Haraguchi left the meeting at 12:01 p.m. and returned a minute later.

Chair asked Ms. Yi if there is suggested wording. Mr. Manuel asked for clarification on whether this is a discussion or if this can be amended? Chair answered that this is just a discussion, and this will take more than one meeting to decide.

Mr. Hopkins returned at 12:04 p.m.

Regarding food safety/food security, Chair asked if this can be added to the lease agreements? She stated that Mr. Lau's recommendation will be taken into consideration. He would like the Board to at least think about it. He also stated that we are trying to do too much. Chair agreed that there is a misunderstanding that ADC is supposed to help with private lands and not just ADC lands.

There being no further comments or questions, this will be discussed at the next Board meeting.

O. Executive Director's Update

In the interest of time, the submittal was not read. Mr. Nakatani summarized that the first two items related to people wanting access to ADC lands.

1. Kekaha: refer to submittal.
2. Kalepa: refer to submittal.
3. Wahiawa
 - i. Update Board on discussions with Dole for the purchase of the Wahiawa Irrigation System: Ms. Kaichi reported that ADC is interested in buying the ditch only; we don't have the expertise to operate the reservoir. We don't have a price for it. Dole is adamant that the Wahiawa Irrigation System is an entire system (reservoir, spillway and ditch). She asked for the Board's input on the discussions with Dole – continue discussions, or stop discussions as we do not have the funds? Dole has a private bidder that they are considering.
 - ii. University of Hawaii – Tamura Warehouse agreement: Mr. Nakatani reported that the final approval is with UH, their technical committee then the Board of Regents. Our work is done, and it is in hands of UH. Timeline is end of May.

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Via Zoom Teleconference

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4. Galbraith

- i. Update on progress of most recently approved tenants: refer to submittal.

5. Legislative Update

SB 335 introduced by Senator Mike Gabbard was heard in the House but was deferred. The companion to that was HB 827 introduced by Rep. Hashem. HB 1271 introduced by Rep. Amy Perruso, was not heard by the Senate.

ADC did not receive its CIP appropriation. Mr. Nakatani asked Ms. Shimabukuro-Geiser to provide further comment. She stated that we haven't seen the budget worksheets so we do not have the details. She reported that there was a strong effort by the legislature to decrease special funds and DOA had a significant sweep of their special funds. ADC is affected in that the barrel tax appropriation special funds were repealed and replaced with general funds appropriation, but we don't know what the amounts are.

She further reported that some bills were passed that help the industry (coffee and cattle). There are many incentives to 'buy local' that passed; the 'Made in Hawaii' trademark was transferred to DBEDT. DOA will lose some positions but she is uncertain of the details. She noted that the ADC account clerk position was possibly converted to a revolving fund position, as we requested; waiting to see if it made it.

Chair asked about the east Kauai water bill. Ms. Shimabukuro-Geiser replied that the bill died. Back in the 2019 session, the legislature did approve a CIP appropriation for the east Kauai irrigation system. The department had requested an allotment to start a feasibility impact study and are still awaiting approval; it is currently with the Governor. She is scheduled to discuss this with the Governor next week. If approved, it will allow DOA to find out how many users are agricultural users of the system, how many are impacted by DHHL users, and what parts of the system are able to continue to be operated. Chair stated that this is very important as this affects the Kalepa farmers. If no one maintains the system, they will have no water.

6. Administrative

- i. Update on Accounting/Property Management software search: refer to submittal.

P. Update on Ohana Best, LLC vs. State of Hawaii, et al., Civ. No. 19-1-1640-10

"The Board may go into executive session, pursuant to H.R.S. §92-5(a)(4), to consult with the board's attorney on questions and issues pertaining to the board's powers, duties, privileges, immunities, and liabilities."

Chair asked for comments from the public; there were none.

Motion to enter Executive Session: M.A. Evans / Second: L. Haraguchi

Vote: Approved 10-0.

The Board entered Executive Session at 12:18 p.m.

The Board emerged from Executive Session at 12:35 p.m.

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Ms. Yi conducted a roll call. Nine members present (S. Kato-Klutke, M.A. Evans, K. Seddon, P. Shimabukuro-Geiser, F. Lau, D. Schenk, K. Hopkins, W. Watanabe, K. Manuel). Mr. Haraguchi joined a few minutes later.

Q. Adjournment

Motion to adjourn meeting: M.A. Evans / Second: D. Schenk

L. Haraguchi joined the meeting at 12:40 p.m.

Chair reminded the Board that our next meeting is scheduled for June 23, 2021, at 9:00 a.m.

Meeting was adjourned at 12:41 p.m.

Respectfully submitted,



Lyle Roe on behalf of Lori Nakamura
ADC Property Manager