

**AGRIBUSINESS DEVELOPMENT CORPORATION**  
Minutes of the Board of Directors January 25, 2017 meeting  
Department of Agriculture Plant Quarantine Conference Room  
1849 Auiki Street, Honolulu, Hawaii 96819

Members:

Letitia Uyehara	Lloyd Haraguchi
Denise Albano	Margarita Hopkins
Sandra Kato-Klutke	Yukio Kitagawa
Jeffrey Pearson, DLNR	Scott Enright, DOA
Robbie Melton, DBEDT	

Absent:

Leilyn Koev	Douglas Schenk
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Guests:

John Katahira, The Limtiaco Consulting Group  
Dean Nakano, Brown & Caldwell

Staff:

James Nakatani  
Myra Kaichi  
Lynn Owan  
Ken Nakamoto  
Cindy Doi

Counsel:

Andrew Goff, Deputy Attorney General

A. Call to Order.

Chairperson Uyehara called the meeting to order at 9:13 am.

Chair introduced deputy attorney general Andrew Goff.

B. Approval of Minutes from the November 16, 2016 meeting.

Ms. Klutke moved to approve; Ms. Hopkins seconded the motion; motion carried unanimously.

C. Request for approval to negotiate the Agreement regarding the Wahiawa Recycled Water Irrigation System between the Agribusiness Development Corporation and the City and County of Honolulu.

Mr. Nakamoto made the presentation on the Wahiawa Recycled Water Irrigation System request to negotiate an Agreement between the ADC and the City and County of Honolulu. Dean Nakano from Brown and Caldwell and John Katahira from The Limtiaco Consulting Group was present.

Mr. Nakamoto stated the Agreement agrees to work cooperatively to develop a recycled water irrigation system to ensure accountability and implementation of best management practices, design and engineering, maintenance, and periodic water quality monitoring to achieve a balance between agricultural crop production and environmental protection. The Agreement shall include the following: definition of ownership of the system; location of the pumps and transmission lines; itemization of the roles and responsibilities of each party regarding the treatment and disposal of the recycled water; use of recycled water at no cost to ADC for a period not to exceed 30 years; itemization of the expectations of each party when dealing with failure or refusal to keep and perform any of the obligations or covenants or the breach of any condition which may occur during the term of the Agreement. The Recommendation is the approval to negotiate the Agreement regarding the Wahiawa Recycled Water Irrigation System between the ADC and the City and County of Honolulu.

Mr. Haraguchi moved to approve the request; Ms. Klutke seconded the motion.

Mr. Kitagawa asked whether the definition of the use of R-1 water differs from the state's. Mr. Nakano replied he was not sure if the definition of R-1 water differs from the state. They have been using guidance provided by the Department of Health (DOH) who currently regulates the use of all recycled water. DOH recently adopted the revision to recycle reuse guidelines that has been guiding them through this process. R-1 water is the highest level of treated effluent that is permitted for use and on that bases they are moving forward with this project. He can check and get back to ADC if there is any difference between federal definition and the state.

Mr. Kitagawa asked if water was coming directly from the treatment plant so as to not taking the Lake Wilson water. Mr. Nakatani replied we are not taking it yet because right now it's suspect water. Once you take out R-1 water from Lake Wilson and clean the water then it opens a lot of options to take the water. When you take R-1 water out of Lake Wilson now the lake becomes irrigation water without restrictions. Mr. Nakano commented that the City is presently discharging R-2 level water within Lake Wilson. Then Lake Wilson water becomes a regulated source provided certain monitoring requirements are placed upon that water because of the mixing of R-2 water with the normal stream flow. With this project, you will not only take out the discharge that is going into Lake Wilson and be able to achieve R-1 certification which is the highest level and would be piped directly from the plant to the place of use for the highest and best use, have adequate storage to accommodate those situations when it's raining. So the Lake would become more readily available for use and lessor requirement for monitoring. It's the highest level of water directly available for farmers to use.

Mr. Haraguchi asked that if we had heavy rain and have access water where both R-1 and R-2 are mixed, do we have a plan to be in compliance. Mr. Nakano replied the expected supply from the treatment plant is 1.6 million gallons a day and the estimate potential demand in that area is 3.5 million gallons a day which is much more of a demand. There is a plan to create reservoirs so there should be enough storage. Therefore in wet weather conditions with ongoing demands there would be sufficient capacity for storage.

Mr. Kitagawa asked if the City has a backup storage. Mr. Nakano replied they could have a temporary storage so it could be retreated. Wahiawa has a storage that allows water to be held up

until it comes back on line. Mr. Katahira clarified that the backup disposal issue is an issue with R-1 certification. DOH has a requirement for R-1 certification not just the water quality component but there needs to be a primary disposal and a backup disposal. If there is no backup disposal, then there would be no R-1 certification. In the case of Wahiawa, currently they are meeting the water quality requirements but fail to meet the primary and backup disposal because everything goes into the reservoir. Because they do not meet that criteria, DOH cannot certify to be R-1. In a near facility, there would be an ocean outfall which could be a primary and the backup could be like an injection well or land application as a backup. But because we do not have two options we cannot get R-1 certification. They did have discussions with DOH on this project with ADC's mission to take the recycled water for irrigation. DOH has accepted that the direct route to the farmers would be the primary disposal and this case looking at the backup disposal as being land or storage. Right now there is a treatment process called MBR which is the only MBR plant on the island and the water quality that the plant is producing is the best water that could be found at a waste water treatment plant because of the treatment technology. The City is completing that upgrade right now and producing this R-1 quality water because of the technology improvement. Because of this MBR treatment it allows a smaller treatment footprint which frees up a lot of storage tanks at the existing treatment plant. The treatment plant footprint is a lot smaller now and producing higher quality water than what it's used to. There are three different things: primary disposal, backup disposal which both are R-1 quality water when the treatment plant is working at its best. The third is called off-spec water which is when the treatment process is not treating as its maximum and the quality is a little lower. As it stands now, the MOU suggests that ADC receive no less than R-2. In the case that there is a plant upset and the treatment process is not treating to that R-1 quality water because of the availability storage at the treatment plant, the City has the capacity to divert the flow.

Mr. Nakamoto stated that before the Agreement is sent to the City, staff will take a look at it again.

Motion carried unanimously.

- D. Request for approval to issue a license to Funing Farm for land located at Kekaha, Kauai; identified as a portion of Tax Map Key (4)1-2-02-01.

Mr. Nakamoto made the presentation requesting for approval to issue a license to Funing Farm for land located at Kekaha. Funing Farm is requesting 150 acres for vegetable and papaya production for the local and export market. They are currently located in Waialua, Oahu on Dole lands where they manage 30 acres of leafy vegetables. The farm has been informed by the landowner that their lease will not be renewed when it expires in March 2017. The requested area is located along Kokee Road and is flat and has access to water. Additional electricity can be accessed via power lines located along Kokee Road. The 150 acres is comprised of three fallow fields previously licensed to Pioneer Hi-Bred. Funing Farm submitted their operational plan identifying their initial plantings of crops and acreages. Also their structures and storage plans.

The recommendation is for approval of the issuance of a 35-year land license to Funing Farm in Kekaha, Kauai subject to the following terms and conditions: 1) term of this license shall be for 35 years; annual fee is based on the rate of \$150 an acre; annual rental shall re-open every 10<sup>th</sup> year of the term; 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; ADC reserves the right to withdraw 5 acres more or less from the licensee with a 90-day prior written

notice; and no sublicensing the whole or any portion of their premises without the prior written approval of the ADC Board.

Mr. Enright moved to approve the recommendation; Mr. Haraguchi seconded the motion.

Mr. Haraguchi asked whether Funing Farm had a market for their crops they plan to produce. Mr. Nakamoto replied papaya is a good market for Kauai. They plan to do a test crop to see what the market would be and what can be grown then they would decide on their plantings.

Mr. Enright commented that it was great to have a diversified farmer on Kauai to give it a shot.

Ms. Klutke commented that it was great to have a farmer come to Kauai to farm because in Kekaha the climate and community is not an easy place to farm. She asked if the farmer has walked the land to see what can and cannot be grown in the area. Mr. Nakamoto replied the farmer did go to Kekaha and checked out the lands. That is why they were doing their research first to find out what the local markets want. They want to try to find their niche on the market. Ms. Klutke stated that she has not seen papayas being planted in Kekaha because it is very dry and she would like to see them succeed not struggle.

Ms. Hopkins asked whether we could put a provision in our license with conditions that within a certain period of time that land needs to be in production. Mr. Nakamoto replied all our licenses have standard language regarding nonperformance. However, ADC has not been able to enforce this nonperformance clause.

Motion carried unanimously.

- E. Request for approval to issue a license to Green Energy Team LLC for land located at Kekaha, Kauai; identified as a portion of Tax Map Key (4)1-2-02-01.

Ms. Owan made the presentation for approval to issue a license to Green Energy Team (GET) LLC for land of 625 field areas plus the associated non-tillable acres located in Kekaha, Kauai. The license term would be 35 years with option to terminate after the first two years of the test field installations are unsuccessful. GET has met with the KAA to review the fields that it is interested in and may be available. The members are amenable to having GET grow biomass, which will provide windbreaks and physical and visual barriers between farms and the community. GET submitted an operational plan which requests a two year test field installation and if unsuccessful the request to cancel the license without penalty and GET would remove the test fields at no cost to the ADC. After the first year, GET anticipate meeting with KAA to determine what additional fields GET will request which may include sublicensing fields from existing tenants.

The recommendation is that the Board approve a 35-year license for 625 acres plus associated non-tillable acres to Green Energy Team LLC in Kekaha, Kauai with the following conditions: license shall be for 35 years with an option to terminate the license after the first two years if the test field installations are unsuccessful; license fee of \$30 per acre per year for Fields 315, 316 (por.), 317, 323, 419 and 424 ( a total of 457.88 field acres); and \$100 per acre per year for Fields 218, and 320 (a total of 165.89 field acres); annual rental shall re-open every 10<sup>th</sup> year of the term; licensee may pay a discounted annual maintenance fee to the KAA, as agreed upon by the members of the KAA;

no sublicensing the whole or any portion of their premises without the prior written approval of the ADC Board.

Mr. Enright moved to approve the recommendation; Ms. Klutke seconded the motion.

Ms. Hopkins asked on the two different rental rates. Ms. Owan replied the \$100 acre/year is cleared lands that have no vegetation and is maintained. The \$30 acre/year is marginal lands are overgrown and prone to flooding.

Motion carried unanimously.

Mr. Ignacio called the ADC office to let the Board know that KAA fully supports both Funing Farm's and Green Energy Team's issuance of a land license.

F. Executive Director's Reports and Updates:

1. Galbraith agricultural lands, Oahu
2. Kalepa, Kauai
3. Legislative report

Mr. Nakatani reported: The Galbraith lands, its ongoing prep work to assist small farmers lower their startup cost. ADC anticipates the recently clearing lands will be used for watermelon and asparagus production. Also ITC Water Management, who has been contracted to install the Galbraith waterlines, have installed the waterlines and meters that will deliver water to all the individual lots. Kalepa: Taiwan Gu's sweet potato and ginger production in Kalepa is progressing. This farm on Unit C is currently cultivating roughly 30 more or less acres of the 68 total acres. Legislative Report: ADC Capital Improvement Project Request for FY 18 - \$4,000,000 for State packing and Processing Facility in Whitmore, Oahu in accordance with the Whitmore project. \$7,000,000 for Waiahole Water System Improvements in Kunia, Oahu, in accordance with the Central Oahu Water Security Plan which was approved by the ADC Board on November 16, 2016.

Ms. Hopkins mentioned that food safety is very important with the upcoming farmers on Galbraith lands. Chair replied yes, it is important and that she is working with a farmer who will be going onto the Galbraith property soon.

Also Mr. Nakatani mentioned that Myra Kaichi is now a full time staff at ADC.

G. Adjourn

Meeting adjourned at 10:23 am.

Respectfully submitted,

Cindy Doi, secretary

**AGRIBUSINESS DEVELOPMENT CORPORATION**

Minutes of the Board of Directors March 6, 2017 meeting  
State Capitol Auditorium - 415 South Beretania Street  
State Office Tower – 235 South Beretania Street, Room 203  
Honolulu, Hawaii 96813

Members:

Letitia Uyehara	Lloyd Haraguchi
Margarita Hopkins	Sandra Kato-Klutke
Leilyn Koev	Denise Albano
Douglas Schenk	Yukio Kitagawa
Jeffrey Pearson, DLNR	Robbie Melton, DBEDT
Phyllis Shimabukuro-Geiser, DOA	

Staff:

James Nakatani  
Myra Kaichi  
Lynn Owan  
Ken Nakamoto  
Cindy Doi

Counsel:

Dawn Apuna, Deputy Attorney General

Guests:

Todd Low, HDOA	Mark Takemoto, Pioneer Hi-Bred
Senator Dela Cruz	Dane Wicker, Senator Dela Cruz's office
David Cho, Senator Dela Cruz's office	
Cynthia Au, Rep. Oshiro's office	
Eric Boles, University of Arkansas	
Stephen Luoni, University of Arkansas	
Teresa Dawson, Environment Hawaii	

A. Call to order.

Chairperson Uyehara called the meeting to order at 9:35 am.

B. Presentation by University of Arkansas on Whitmore Project Food Hub Pilot.

Senator Dela Cruz and Chair Uyehara welcomed all the attendees and the University of Arkansas presenters Eric Boles and Stephen Luoni.

The University of Arkansas made a power point presentation on the Whitmore Project Food Hub Pilot which they have been working on.

Ms. Melton asked how did they calculated to acquire 175,000 square footage for the hub. The reply was that it is all conceptual and maybe scaled back to meet ADC's needs.

Reconvene the Meeting at 1:05 pm at the State Office Tower, Room 203.

C. Approval of Minutes from the January 25, 2017 meeting.

Mr. Kitagawa moved to approve; Ms. Hopkins seconded the motion; motion carried unanimously.

D. Report of the Findings and Recommendations of the land investigative group.

Mr. Nakamoto made the report from the land investigative committee meeting of February 24, 2017. The committee met to discuss the possibility of utilizing agricultural lands in Whitmore, Oahu for orchard and tree crop production and determined that these types of activities would be ideal due to the land's limitations. The Committee found that on these parcels, orchard and tree crop production has a significant advantage over vegetable crop production in that orchard and tree crop production require minimal to no irrigation and rely mainly on natural rainfall and humidity. Furthermore, would allow ADC to get farmers on the land immediately without making substantial improvements to the property. In view of the lands limitation and the significant advantages that orchard and tree crop production has over other types of agricultural operation on these parcels, the Committee recommends that the Board utilize agricultural lands in Whitmore, Oahu for orchard and tree crop production.

Chair commented that she would like to direct this committee in going forward to look into the feasibility of greenhouse operations in that Whitmore area because we have had a lot of inquiries. She would like to get into some specifics regarding that issue.

E. Approval to amend Pioneer Hi-Bred International, Inc.'s Land License No. LIK0803 to add 102.21 acres in Kekaha, Kauai, Tax Map Key No. (4)1-2-02-001 (por).

Ms. Owan made the presentation to amend Pioneer Hi-Bred's land license to add 102.21 acres in Kekaha, Kauai. Pioneer's new planting plan now calls for an additional 100 acres more or less, and they are considering the possibility of growing other crops.

The recommendation is for approval to amend License No. LI-K0803 to add Fields 113 and 115 effective April 1, 2017 subject to the following terms and conditions: (1) current rent rate is \$150/acre/year, with rent re-opening to occur pursuant to negotiations between the ADC and the KAA Restated and Amended Memorandum of Agreement between the ADC and the KAA dated August 29, 2008; (2) as a member of the KAA pay KAA the current annual maintenance fee; and (3) all other terms and conditions of License LI-K0803 shall remain the same.

Ms. Klutke moved to approve the recommendation; Mr. Kitagawa seconded the motion.

Mark Takemoto was present.

Ms. Albano asked if these were fields that was turned back to ADC. The reply was yes.

Mr. Kitagawa asked what are Pioneer's plans and why are they requesting to take back the acres. Mr. Takemoto replied in that area they plan to plant corn and maybe soy beans. Also at the time when it was returned, Pioneer, which had two operations, the production side had considerable acreage. When it was consolidated, Pioneer was in the process of reorganizing and deciding what to do. They couldn't sit on all those acres so they decided to return a portion and there was uncertainty of the future. But now it is getting a little clearer and they have a good planting program therefore more acres are needed. Right now he does not foresee needing more lands.

Motion carried unanimously.

#### F. Executive Director's Reports and Updates.

Mr. Nakatani did not have any reports or updates. But will continue with the discussion from this morning on the Whitmore Project Food Hub Pilot presented by the University of Arkansas.

Stephen Luoni and Eric Boles was present to answer any questions.

Mr. Schenk stated there was no project like this one. What do we have to do to get this to work and what are the expectations. Mr. Luoni replied the idea of the food hub would be part of the community. This was the constituent's input of what this is all about.

Mr. Haraguchi asked what is the scope of work for this project. Mr. Luoni replied the delivery of a master plan is what they are striving for. But it does include initial operating budgets of the facilities of what the financial strategies will look like. It's hard because it is a unique facility and they need more back and forth conversation about how the economics will be. Mr. Nakatani replied we need to look at the means of financing and some of the ways to finance this project. We talked about anchor tenants coming in if a good lease would be offered and how would that look like. Also new businesses could pop up and could come and go. We would need to subsidize one end and the other end should be bringing in revenue to reinvest. But the first step is the master plan and what direction do we want to go. Mr. Luoni stated that part of the scope would be a planning document to be reviewed by the Board which will have some rough costs. They are in the early planning stages and would have some deliverables maybe in June.

Mr. Kitagawa asked what they meant about food hub. Mr. Luoni replied that food hub is following USDA's definition and is not a retail component. A food hub operates on a big scale for processing/distribution and packaging but not at the retail level. Some food hubs would include farmer's markets and retails. A food hub is a connection between growers and producers, suppliers and consumers at the wholesale level.

Mr. Kitagawa asked on the housing for the workers. Has there been some discussion with the educational department. Mr. Luoni replied when they were here recently and they talked with the state housing. Senator Dela Cruz replied that DOE was called for feedback and they are investigated and researching on what it would take to establish a curriculum so students

graduating could get their pesticide license so when they are 18 they are qualified. That is one of the curriculum but they would like to see if other licenses or operating abilities so by the time they graduate they are ready. It is in the works but not in the scope.

Ms. Melton asked if there was a timeline of when the building will be built. Mr. Nakatani replied it would be a best guess because there is no clear answer. There are issues that need to be addressed.

Ms. Hopkins commented that UOA's presentation was impressive and she liked that it has not been done before and using the state of Hawaii as an example. She like that other activities within the hub that were included like tourism because we always try to encourage additional income other than farming. Also to tie it within the community is brilliant. She mentioned that most of our farmers are very independent and tried to have them work together but have not been very successful. The future is food safety and focusing on it is good because it would encourage them to work together. She could see this facility as a service orient type that provide to all types of farmers.

Mr. Kitagawa commented that we don't know if we can get the farmers to work together and use these kinds of facilities. There are been many attempts to get the farmers to think that way but doesn't know if we can convince the farmers to use these types of facilities. But we need to do it which this board needs to discuss. He would like to see a bigger picture and decide which stage we will concentrate on. Mr. Luoni replied when they were here last year and met with the committees, it was all noted. Chair commented that the Board would prepare the licenses for these parcels and offer them long term leases and good rates. Mr. Kitagawa stated that if this project is successful with the initial group then more and more island wide would use this facility.

Chair stated if the Board members had any feedback, please make your comments on the last sheet of the handout then email it to UOA.

G. Adjourned.

Mr. Haraguchi moved to adjourn; Mr. Kitagawa seconded to the motion.

Meeting adjourned at 2:00 pm.

Respectfully submitted,

Cindy Doi  
secretary

**AGRIBUSINESS DEVELOPMENT CORPORATION**

Minutes of the Board of Directors June 21, 2017 meeting  
Department of Agriculture Plant Quarantine Conference Room  
1849 Auiki Street, Honolulu, Hawaii 96819

Members:

Letitia Uyehara	Lloyd Haraguchi
Denise Albano	Yukio Kitagawa
Sandra Kato-Klutke	Leilyn Koev
Douglas Schenk	Scott Enright, DOA
Jeffrey Pearson, DLNR	

Absent:

Margarita Hopkins	Robbie Melton, DBEDT
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Staff:

Counsel:

James Nakatani	Andrew Goff, Deputy Attorney General
Myra Kaichi	
Lynn Owan	
Ken Nakamoto	
Cindy Doi	

Guests:

Brandon Askew, WEDG	Miles Nishijima, OHA
Brutus LaBenz, OHA	Cynthia Au, Rep. Oshiro's office
'Olu Campbell, OHA	

A. Call to Order.

Chairperson Uyehara called the meeting to order at 9:05 am.

B. Approval of Minutes from the March 6, 2017 meeting

Mr. Kitagawa moved to approve; Mr. Haraguchi seconded the motion; motion carried unanimously.

C. Presentation of the Office of Hawaiian Affairs' Kukaniloko Master Plan.

Mr. 'Olu Campbell, OHA Land specialist, made a powerpoint presentation on their master plan. He gave an update being an ADC neighboring landowner of their activities in Wahiawa which surrounds Kukaniloko birthing stone site. This parcel was purchased primarily to protect the Kukaniloko birthing stone from incompatible development around the site. Also explore compatible agriculture and contribute to food security. He mentioned that OHA is working on

an MOA with ADC on the proposed water line going through OHA's property. They are also working on the R1 project with the different water options for the pipes from the Wahiawa Waste Water Treatment Plant. They need to take this to their OHA Board. Currently they have an action item with they're corporate counsel that will go before their board. Hopefully in the next couple of months their administration would approve to proceed some kind of easement agreement so they can facilitate ADC's project to go through OHA's property.

Mr. Kitagawa asked on the year 2018 that was mentioned. Mr. Campbell replied 2018 would be the date that they would have a draft of their master plan. It was started end of last year and began planning the beginning of this year. It will take another year to a year and a half to get the plan drafted.

Mr. Enright asked on the timeline of ADC's pipeline. Mr. Nakatani replied hopefully by the end of this year we would decide the route we would be taking. Probably the final decision would be in a year or sooner. We still need to wait for our master plan.

Mr. Enright asked OHA if they would have a decision on the proposed pipeline route within the year. Mr. Campbell replied if it goes to the OHA Board within the next two months and they make a decision for the administration to proceed negotiating an agreement with ADC then it should be within the year.

Mr. Enright asked Mr. Nishijima what kind of support they are looking for from the board. Mr. Nishijima replied the activities on their lands will be dictated by the availability of water. If they can approach it in an appropriate manner that would be the best thing for the board. The entire region is challenged with the idea of increasing food production and if they can work together to solve that but without it is a major challenge.

There has been a lot of impatience with the speed that OHA has been progressed to date. They ask for people's patience and understanding.

Mr. Kitagawa stated that he hoped that OHA would have a committee to look at the agricultural aspect of the lands. The infrastructure issue is straightforward but when it comes to management on the cultivation of crops, he hoped that they would get inputs from committees like UH because of the complications that are involved in production of crops and marketing of those crops. When we are talking of crop production we are coming from a standpoint that these crops could be grown fairly easily but when it comes to the care of the crop, the kinds of inputs that need to be put in and marketing of these crops, it becomes very important because we are not only dealing with DOA but USDA and DOH. He stressed for OHA to include others who are involved with agriculture.

Chair commented on the ag issues, food safety and water options. Mr. Campbell replied that their agricultural contractor has been looking at water options and processing water requirements for new crops. They have been consulted in their agricultural infrastructure plan with people from UH as well as farmers from commercial to small scale operations.

Mr. Enright asked again on the support of OHA. Mr. Nishijima replied that they will get back to ADC with the answer of the support once they get the direction of the OHA Board.

Short recess was called at 9:45 am

D. Request for Approval to Issue a Revocable Permit to Andros Engineering Corporation for office space in Whitmore, Oahu, Tax Map Key (1) 7-1-02-04 (por).

Mr. Nakamoto made the presentation to issue a revocable permit to Andros Engineering Corporation (AEC) for office space of 132.25 square feet in Whitmore. AEC requests to rent office space located in Building E previously housed the Dole Wahiawa Federal Credit Union. The recommendation is to approve the issuance of a revocable permit to Andros Engineering Corporation in Whitmore, Oahu subject to the following terms and conditions: (1) term of this RP shall be on a month-to-month basis; base rent shall be \$79.35 per month; permittee shall pay its share of utilities; no subletting to be permitted without ADC's prior approval in writing.

Mr. Enright moved to approve the request; Ms. Klutke seconded the motion.

Motion carried unanimously.

E. Request for Approval to issue a License to Whitmore Economic Development Group "WEDG" for office space in Whitmore, Oahu; Tax Map Key (1)7-1-02-04 (por).

Mr. Nakamoto made the presentation to issue a license to the Whitmore Economic Development Group for office space of 1,720 square feet in Whitmore. The WEDG is proposing to develop and agricultural incubator aptly named the Pineapple Crate (PC). This office space would be used by farmers and businesses can access valuable resources including but not limited to: (1) shared office space equipped with computers, printer/scanner/copier, wi-fi, etc; (2) grant writing services; (3) technical training; and business development. The WEDG received an award of \$55,000 from the Hawaii State Legislature Capital Improvement Project Grant-in-Aid (CIP-GIA) program through the High-Tech Development Corporation to facilitate renovation of an existing office facility. When WEDG applied for the grant, it contemplated using ADC property as its office. The CIP-GIA also states that WEDG will make a request to ADC to pay a portion of the cost for roof repairs.

The ADC received a proposal from WEDG to lease a portion of Building E to implement their CIP-GIA. The approximately 1,720 square feet space is in fair to poor condition. This portion of Building E is currently vacant and consist of 5 offices, 1 conference room, 1 common room, 1 storage room, and separate men's and women's restrooms, which WEDG plans to improve using the CIP-GIA funds. WEDG will not sublet any space, it will charge appropriate access/membership fees as well as educational and relevant informational fees to raise funds for the organization. The WEDG staff will operate and manage the office space and will be responsible for the meeting rooms, member working areas, breakroom, clean-up, lights and security system. WEDG's long term vision is to establish the Pineapple Crate as a pilot which will develop and grow into an Agricultural Innovation Center within ADC's master plan area. The recommendation is to approve the issuance of a License to the WEDG for office space AS IS, WHERE IS in Whitmore, Oahu subject to the following terms and conditions: (1) term of this License shall be for 3 years with a 2-year extension option; (2) base rent shall be \$430 per month; (3) Licensee shall install its own utility meters and pay its share of utilities; (4) no subletting to be permitted without ADC's prior approval in writing.

Mr. Enright moved to approve the recommendations; Mr. Schenk seconded the motion.

Mr. Braden Askew a board member of WEDG and leading the project for the Pineapple Crate was present to answer any questions.

Mr. Schenk stated that he liked the concept however it may take some time to get some traction. How deep are their pockets and how long will they stay in to get to where they need to go. Mr. Askew replied they are applying for a second grant and they will be using the first grant as a matching for grant specifically for the Pineapple Crate. Also the Office of Resource Development has been awarded their grant through Ulupono which is how they are able to come into Pineapple Crate as a founding member and pay membership. Membership and fees will help with the cash flow. Currently they are projecting an 18 month break even so it is not an easy road ahead.

Mr. Schenk asked what kind of traffic are they expecting and is there adequate parking. Also if they would need any special liability insurance policy. Mr. Askew replied they would get the aggregate policy for their organization. As far as traffic, there could be about 15-20 people at the time and will not be asking for more parking at this time.

Chair asked on staffing at WEDG. Mr. Askew replied their office of resource development which is another program under their non-profit's main focus is to have office space at Pineapple Crate with two staff members and he will spend half of his time. Services could be provided by contract and may bring in a specialist for a seminar or give business advice. Some examples of services may be grant writing, helping a farmer with research or technology services.

Mr. Haraguchi asked if Mr. Askew was part of the board or staff. Mr. Askew replied currently he is on the board but once Pineapple Crate is fully established and have access to the facility he will shift his roll from a board member to director. Currently WEDG meets once a month at the Wahiawa Community Based Business Organization's office which allows them the use the space.

Ms. Koev stated from a small farmer point of view it is very different because farmers will come together at the office but most farmers do not like to get together. She commented that they would offer meeting space but small farmers meet out in the fields. Most of the big farmers have their own facilities. How would they get the small farmers to come and work together? Mr. Askew replied they want to get to the small farmers which means going out to meet them but want to offer a program where they might bring farmers in to learn about different technologies. In order to support this activity to bridge the gap of technology and agriculture they need to generate revenue and one way is to offer membership with rooms and desks and computers which they feel this would bring farmers in. Ms. Koev stated that small farmers do not have the time or staffing to branch out and become a more technology based farm. Mr. Askew replied there could be ways for a small farmers to possibly learn to integrate technology into the farms. Ms. Koev suggested that farmers may work together on food safety service.

Ms. Klutke asked if their hours are conducive to helping the farmers. Mr. Askew replied they would work maybe 7:00 to 5:00 Monday through Friday and stay within Dole's operation. But

will change the hours if needed. Ms. Klutke said if they want to work with farmers, they need to change their hours because farmers work out in the fields and could not come to use the facilities at regular business hours. Mr. Nakamoto stated that ADC had a concern because it becomes a security issue if the facilities are opened late at night and with closing of gates.

Ms. Albano asked whether WEDG identified who would be the providers with these services. Mr. Askew replied the main partner would be the Office of Resource Development, Pineapple Crate and Smart Yields which is a data acquisition company. Also will be going out into the community to look for more sponsors to serve that role who has that vested interest in agriculture.

Mr. Haraguchi said marketing aspects, food safety services and selling would help small farmers. Chair said farmers would come to use the facilities if services could be offered like food safety, grant writing, etc. More needs to be offered to the farmer to come out to use the facilities. As that grows and appreciation for what WEDG can offer then farmers could have a facility to go to and may be talk with other farmers.

Mr. Enright commented that this board made a lot of comments and asked a lot of questions, he supports this organization and asked that they come in to talk to him to see how he can help.

Mr. Enright asked why ADC was giving WEDG a three year license versus what we just approved a revocable permit to Andros because these are adjacent buildings. Mr. Nakamoto replied we are three years out of our master plan and anything within that period would be short enough. WEDG did request three years.

Mr. Haraguchi had concerns of WEDG being undercapitalized which could pose problems for them. Hopefully the grants will happen because operational expenses are very critical. Mr. Askew replied his first few months have been and will continue to be on a volunteer basis until they have enough revenue stream to bring him on as a full time staff. Also through membership cost that could be offset with volunteer time.

Motion carried unanimously.

Short recess at 10:35 am

- F. Request for approval to issue a sub-license from Beck's Superior Hybrid to Hawaii Labor Solutions, Inc. for a portion of Field 123, Kekaha, Kauai, Tax Map Key No. (4) 1-2-02-001 (por).

Ms. Klutke disclosed that does not work for Hawaii Labor Solutions but she is a consultant for Global Ag. Services which has Hawaii Labor Solutions.

Ms. Owan made the presentation to issue a sub-license from Beck's Superior Hybrids to Hawaii Labor Solutions, Inc. for a portion of Field 123 of 13.25 acres, Kekaha, Kauai. The intent of Beck's Superior Hybrid and Hawaii Labor Solutions that the sublicense be for a 3-year term, commencing on July 1, 2017 and terminating on June 30, 2020. The annual rent would be \$150 an acre a year for 13.25 acres plus (1) pro-rata of Kekaha Agriculture Association current fees

and (2) applicable taxes. Hawaii Labor Solutions is a business of providing contract labor, whose principal officer is Wallace Johnson who farmed in Kekaha since the closure of the Kekaha Sugar Company. He was the president and chief executive officer of Far West Ag, Inc. who was one of ADC's first Kekaha land licensees. Far West subsequently merged with BASF. BASF planted mango trees on the 13.25 acres in Field 123 over ten years ago and Becks is not interested in maintaining the trees. A determination on whether to continue the orchard can be made at the end of three years.

The recommendation is to approve the issuance a sub-license from Beck's Superior Hybrids, Inc. to Hawaii Labor Solutions, Inc. subject to the terms and conditions of License LI-K0801 and the following: (1) term of this sub-license shall be for three years; annual rent shall be the same as Beck's at \$150/acre/year, or \$1,987.50 per year, \$165.63 per month; HLS shall pay its pro-rata of the current Kekaha Agriculture Association fees to Becks; HLS shall pay its share of State and County taxes to Becks; HLS shall not sub-license the whole or any portion of its premises without the prior written approval of the ADC Board.

Mr. Enright moved to approve the recommendations; Mr. Kitagawa seconded the motion.

Mr. Schenk asked if Becks is still in operation. Ms. Owan replied yes.

Motion carried unanimously.

#### G. Executive Director Reports and Updates

1. Kalepa
2. Legislative report

Mr. Nakatani reported that Taiwan Gu has ramped up his production in Kalepa and he anticipates he will have 55 of the 68 usable acres of farmland in production by the end of July 2017. Mr. Gu has requested for more lands so that may come up at a future meeting. Ms. Klutke commented that Mr. Gu is the most productive farmer in Kalepa.

Mr. Nakatani reviewed the legislative report for ADC's Capital Improvement Project for FY 18-19 and FY Capital Improvement Projects for Grant-in-Aid.

Chair appointed an ad hoc committee to look into the job performance of the ADC Executive Director. She appointed Mr. Enright and Mr. Kitagawa to the committee.

Mr. Nakatani said in Galbraith we are having a problem with pest control. Because there is a lot of melon crops being grown, fruit flies are a problem. He asked Mr. Enright and the University of Hawaii for help to work on the pesticide program.

Chair said she was on Maui recently and she reported that Jeff Hanes' lettuce is having a pest problem. Mr. Schenk said on Maui there is an infestation with aphids and snails.

Adjourned at 10:55 am.

Respectfully submitted,

Cindy Doi  
secretary

**AGRIBUSINESS DEVELOPMENT CORPORATION**  
Minutes of the Board of Directors July 25, 2017 meeting  
Department of Agriculture Plant Quarantine Conference Room  
1849 Auiki Street, Honolulu, Hawaii 96819

Members:

Letitia Uyehara	Lloyd Haraguchi
Leilyn Koev	Denise Albano
Sandra Kato-Klutke	Yukio Kitagawa
Douglas Schenk	Robbie Melton
Jeffrey Pearson, DLNR	

Absent:

Margarita Hopkins	Scott Enright, DOA
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Guests:

Marty Matlock, University of Arkansas	Cynthia Au, Rep. M. Oshiro's
Eric Boles, University of Arkansas	David Cho, Sen. Dela Cruz's
Raheel Ahmad, University of Arkansas	Tina Deitschman, Sen. Dela Cruz's
Michele Cupello, University of Arkansas	
Jonathan Mortinez, University of Arkansas	
CyVan Yamamoto, Kings Hawaiian	
Teresa Dawson, Environmental Hawaii	

Staff:

James Nakatani  
Myra Kaichi  
Lynn Owan  
Ken Nakamoto  
Cindy Doi

Counsel:

Andrew Goff, Deputy Attorney General

A. Call to Order.

Chair Uyehara called the meeting to order at 9:05 am.

B. Approval of Minutes from June 21, 2017 meeting.

Ms. Melton corrected page 5, first paragraph, and third line, change "Meals" to "Yields"

Ms. Melton moved to approve as amended; Mr. Pearson seconded the motion; motion carried unanimously.

Chair moved the agenda items taking item D, E, and F before item C.

- D. Approval to negotiate and purchase the fee simple interest in real property located on Oahu owned by Dole Food Company, Inc., identified as Tax Map Key(s) 6-5-01-14; 6-5-01-44 (por); 6-5-05-02 (por); 6-5-04-08; and 6-4-04-06.

Mr. Nakamoto made the presentation to negotiate and purchase the fee simple interest in real property located on Oahu, owned by Dole Food Company. Dole's asking price for the fee simple interest is \$22,981,720 containing approximately 757.96 non-contiguous acres (646.695 farmable acres) and is located north of Whitmore Village and along Kaukonahua Road north of the Galbraith lands. The parcels have access to water and require minimal to standard preparation. This includes land clearing and constructing reservoirs to increase water storage capacity. Recommendation: authorize the executive director and or, a designee to negotiate fee simple interest in real property located on Oahu, owned by Dole Food Company, Inc.

Mr. Schenk moved to approve the recommendation; Mr. Haraguchi seconded the motion.

Motion carried unanimously.

- E. Request for Approval to issue a Revocable Permit to Oceanic Companies, Inc. for a covered parking are in Whitmore, Oahu; Tax Map Key (1) 7-1-02-04 (por).

Mr. Nakamoto made the presentation to issue a revocable permit no. RP16-04 which was to Performance Systems, Inc. (PSI) for temporary space in Whitmore to complete work under a City and County of Honolulu contract at the Uwalu Circle waste water pumping station. On June 26, 2017 the ADC received notification that PSI went out of business and defaulted on all contracts, which includes the City contract for the Uwalu Circle waste water pumping station project and RP No. 16-04. Oceanic Companies was selected to complete the Uwalu Circle waste water pumping station contract due to PSI's bankruptcy. This request is for a portion of Building G which is a vacant 15,400 square foot covered parking shed located within the 257 acre property. Per OCI's proposal, their City contract has a duration of 400 days and plans to utilize the portable office trailer that PSI installed, or a smaller office trailer in the subject area for the duration of the project, which will be removed upon the project's completion. The portable office will be used to house the City inspector, engineer, and OCI project manager/engineer. Recommendation: approve the issuance of a RP to Oceanic Companies, Inc. in Whitmore, Oahu subject to the following terms and conditions: term of this RP shall be on a month-to-month basis; base rent shall be \$385 per month; permittee shall pay its share of utilities; and no subletting to be permitted without ADC's prior approval in writing.

Mr. Haraguchi moved to approve the recommendation; Ms. Melton seconded the motion.

Motion carried unanimously.

- F. Request for approval to withdraw approximately 200 acres of pasture land under Revocable Permit 7448 issued to William Sanchez in Kalepa Kauai; Tax Map Key (4) 3-09-02-020 (por).

Ms. Owan made the presentation for approval to withdraw approximately 200 acres of pasture land under RP 7448, issued to William Sanchez, in Kalepa, Kauai, Tax Map Key (4) 3-09-02-020 (por). The applicant currently holds two rental agreement with the ADC – a 35-year license, LI-KA1404, effective January 23, 2015 for 235 gross acres and 30-day month-to-month RP 7448 for 619 gross acres. RP 7448 is renewed annually on November 1. Unit A is appraised at a higher value than Unit M because it is well-suited for diversified agriculture, whereas Unit M is pasture land. The applicant requested a 30-day RP instead of a five-year license for Unit A. On August 20, 2013 the board approved the issuance of a 30-day RP for Unit A at \$15/acre/year. Unit A is well-suited for diversified agriculture and the 200-acre withdrawal has the potential for being rented at \$100/acre/year. The difference in rent revenue will be \$17,000 per year. Upon board approval, the applicant is being given three months' notice to relocate his personal property from the withdrawn acreage. The 398 acres will remain in pasture. The applicant is a good tenant both rental accounts are in good standing and a site inspection of Unit A in March 2017 rated the parcel as good. Recommendation: approve to amend the renewal of RP 7448, issued to William Sanchez to withdraw 200 acres, effective November 1, 2017, subject to the following terms and conditions: RP fee shall be \$15/acre/year for the remaining 398 useable acres; all other terms and conditions of RP 7448 to remain the same. Also Mr. Sanchez sent a letter expressing his concern about the removal of 200 acres from RP 7448 which would cause a hardship on himself and other local ranchers.

Mr. Schenk moved to approve the recommendation; Ms. Albano seconded the motion.

Mr. Pearson asked if it was ADC's initiative to remove the 200 acres. Mr. Nakatani replied yes, there are other farmers looking for diversified agriculture lands to farm. Therefore it is a financial situation.

Mr. Schenk asked how many potential farmers are looking for more acres. Mr. Nakatani replied two farmers and they could work with Mr. Sanchez for a portion of acreage to rotate crops. However, it could be a problem with livestock and food safety issues. There are other things we are looking into.

Ms. Klutke asked if we had farmers who has asked for acreage. Ms. Owan replied yes, there are farmers who has expressed interest. Ms. Klutke stated that Mr. Sanchez does take care of the land and he does have a loan from the DOA. There are a few tenants that do not take care of their lands however they pay their monthly rent and on a diversified ag rate and is unfortunate that we are in a situation where we want to take away land from someone who is taking care of the land.

Mr. Haraguchi asked if there are any alternative lands that are close that could make up the 200 acres since Mr. Sanchez said it is very critical to his business. Mr. Nakatani

replied there is no other lands under ADC authorization. There are other farmers or tenants that needs to tighten their operation.

Ms. Klutke did not vote; motion carried.

Short recess called at 9:45 am

C. Presentation by University of Arkansas on Whitmore Project Food Hub Pilot.

Mr. Marty Matlock from the University of Arkansas had everyone introduce themselves from the University of Arkansas.

Mr. Matlock made the presentation on the Whitmore Project Food Hub Pilot.

Chair commented that we need to have good sanitary practices and having a facility that farmers could possibly use so having this presentation moves us in a good direction. These are the kinds of infrastructure and support systems that will be important to make small farmers more successful because on their own it will not work.

Mr. Haraguchi commented that master plans lays out plans but what is the next step. Mr. Matlock replied it goes from master planning to implementation planning which would be in phases. The first phase would be the 75,000 square foot processing facility which would connect the producers with the markets. The 75,000 square foot facility would be a design phase. Then developing the business model, who will be paying for it, what does the investment structure look like, how would the facility pay for its labor, and recovering costs. His assessment would be the private/public partnership which we are doing right now with producers where the organization has a relationship with an organization for profit or not for profit that operates the facility and is responsible for management implementation, market outright and education to bring the pieces together. Mr. Haraguchi stated that as we go through the steps it becomes large dollars. When you get to step 3 you realize that this is not going to work then eventually dies. Mr. Matlock stated that an economic feasibility analysis is needed as part of the implementation plan. His estimate is that it would take 3,500 acres of diversified crops producers to keep phase one operational in full swing. We need to make it work and make a profit or else not start. Also phase one would include the building of the bridge that connects Wahiawa with Whitmore.

Mr. Kitagawa stated that who would oversee this entity worries him because there is no entity to do that. From a practical aspect ADC should not be the entity. It makes sense that the community should oversee it but he doesn't see the community doing it. He would like to see the facility (Phase one) very simple so that we can handle the cost of distribution. He was not optimistic that the farmers would use the facility. Mr. Matlock replied then the farmers would not be able to sell their produce because the food safety modernization act is requiring to follow very strict requirements. We need to communicate to the farmers that this needs to be followed and is good for all farmers. Mr. Kitagawa asked if the plans referred would be on structure then how much cheaper

can this be done. Mr. Matlock replied the cheapest is what they were proposing which is a concrete box with design. He said they propose to design this as cheap as they can but no cheaper and it must solve the problem. Also make it a producer driven initiative. Food safety is demanding to make everything more ridge and is very important in the agricultural industry.

Chair thanked the UOA team for their hard work putting this project together to revitalize agriculture.

#### G. Executive Director's Report and Updates.

Mr. Nakatani reported on the Galbraith Agricultural lands: Mr. David Wong will be conducting field trials to assist growers rectify soil condition through a practice called the Korean Natural Farming. Natural farming is a self-sufficient system to raise crops and livestock with resources available on the farm rather than applying chemical fertilizers, farmers boost the beneficial microbes that occur naturally in the soil by collecting and culturing them with everyday ingredients such as steamed rice and brown sugar. Field trials will be conducted on a 1-acre plot within Chuan Producers' Lot 10 and plantings are scheduled to begin next month.

Another project is the College of Tropical Agriculture and Human Resources (CTAHR) applied research/extension support projects to educate and assist Galbraith farmers in meeting the objectives of Whitmore project. After CTAHR initial visitation with the Whitmore farmers, they identified the top four priorities for the area to be: cucurbit pest management; diamondback resistance management for crucifer crops; manganese toxicity; and mildew control. He also reported on the program objectives and expected outcomes.

#### H. Adjourn.

Meeting adjourned at 11:25 am.

Respectfully submitted,



Cindy Doi  
secretary

**AGRIBUSINESS DEVELOPMENT CORPORATION**

Minutes of the Board of Directors for October 11, 2017

Leiopapa A. Kamehameha, State Office Tower

235 S. Beretania Street, Room 203, Honolulu, Hawaii 96813

Members:

Letitia Uyehara	Leilyn Koev
Douglas Schenk	Denise Albano
Margarita Hopkins	
Scott Enright, DOA	Yukio Kitagawa arrived at 9:30
Robbie Melton, DBEDT	

Absent:

Sandra Kato-Klutke	
Lloyd Haraguchi	Jeffrey Pearson, DLNR

Guests:

Cynthia Au, Rep Oshiro's office	David Penn, DLNR
Van Warren, public	Tina Deitschman, Sen Dela Cruz's office
Shin Ho, Ho Farms	Nei Ho, Ho Farms

Staff:

James Nakatani  
Myra Kaichi  
Lynn Owan  
Ken Nakamoto  
Cindy Doi

Counsel:

Andrew Goff, Attorney General's office

A. Call to order.

Chairperson Uyehara called the meeting to order at 9:05 am.

B. Approval of minutes from the July 25, 2017 meeting.

Mr. Enright moved to approve the minutes; Ms. Hopkins seconded the motion; motion carried unanimously.

C. Information from the Hawaii Technology Development Corporation Agricultural Hackathon (AGathon).

Ms. Melton made a presentation. She explained that they are planning an ag-tech hackathon, AGathon, to spark innovation and advancement within the Hawaii agricultural

industry through the creativity and talents Hawaii's growing startup, technology, and developer community. The ag-tech hackathon will be modeled after successful commercial and civic hackathons held locally as well as globally. Driven by both competition and an opportunity to collaborate on an important local issue, software, hardware, and business development experts from established firms to independent entrepreneurs will research, design, and build tools and services to solve specific local problems and help farmers grow their businesses. The scope would to bring together the Hawaii agriculture community and the tech/entrepreneur community, and the AGathon will be a 26 hour event. Teams will be able to experience and gain empathy from the agriculture industry by going on a pre-event site visit before the hackathon. This will form a stronger link between the established industry and Hawaii's fast-growing startup and developer community.

Mr. Enright comment that it looks like it would have a lot of potential. He was looking at putting together a data base of landowners that are not using their ag but would like to lease it out so they could get ag credit and matching them up with smaller growers.

Ms. Melton commented that they would need the blessing of DOA before moving forward.

Ms. Hopkins commented that if it becomes successful maybe it should target a specific group to start to make sure that it works. Then also make adjustments for purposes of refining it if it works well. Once it becomes successful the others would become challenging.

Ms. Melton commented that hackathon is an event that the more diversity it has, the better. The projects do not necessary get finished but there are possibilities. HTDC would be going in the next legislative session to try to get funding so that if an app or beginning of an app or software developed during one of the hackathon it would be a great benefit with a small pot of money to see it through completion.

D. Request for Approval to Issue a License to Waikele Farms, Inc. for Land located in Kunia, Oahu, Tax Map Keys: (1) 9-4-012:001 & 003.

Mr. Nakamoto made the presentation for approval to issue a license to Waikele Farms for land in Kunia. When the land was transferred over to the ADC, it was overgrown with trees and tall grass and encumbered by several public utility and U.S. Government easements, which includes an access road that land locks a portion of property. Negotiations with the U.S. Government to reconcile this issue are still ongoing. It was also evident that illegal dumping and unauthorized vehicle access was occurring on the property. On January 27, 2016, ADC issued a RP to secure the land. The permittee is in good standing with ADC and has also provided security for a portion of the parcel. Waikele Farms has shown interest in wanting to expand their business more efficiently by farming near their current Kunia operation. The total cost to develop the land for agriculture production is estimated to be \$500,000 and will take a minimum of 3 years to prepare the land for crop production. Since the development of the 91 acres will require

substantial upfront cost and extensive land preparation before agricultural production can occur, the ADC is requesting approval to convert Waikele Farm's RP into a long-term license. As an incentive to develop these lands in a timely manner, the ADC is recommending offsetting rent for years 1 to 5 rent credits of the 35-year license be applied. The usable portion of the 91 acres shall be determined after the second crop cycle. The recommendation is approval of the issuance of a license to Waikele Farms Inc. for agricultural purposes in Kunia, subject to the following terms and conditions: (1) term of this license shall be for 35 years; (2) the base rent rate shall be as follows: year 1-3 \$6,000 or \$100/acre/year; years 4-5 \$9,000 or \$150/acre/year; years 6-15 \$12,000/year or \$200/acre/year; years 10 & 26 re-open; (3) rent credit for years 1-5 of the 35-year licenses with the maximum of up to the total rental amount for 5 years may be applied; (4) no subletting to be permitted without ADC's prior approval in writing.

Mr. Enright moved to approve the recommendations; Mr. Schenk seconded the motion.

Mr. Enright asked how the negotiations with the U.S. government was going. Ms. Kaichi replied the discussion right now is on the erosion control on the 91 acres and waiting for the Army to response. On the perimeter fence line – the finger is where the negotiations will be tough. It is hard to say.

Motion carried unanimously.

E. Request for Approval to Amend the Terms and Conditions of Ho Farms LLC's Galbraith Land License, Tax Map Key 6-5-02-05 (por), Lot 10.

Mr. Nakamoto made the presentation for approval to amend the terms and conditions of Ho Farms' Galbraith land license. He stated that as an incentive to develop the Galbraith lands in a timer manner, ADC offered rent credits to Galbraith farmers who were willing to provide the upfront cost to develop their respective lots. In exchange for rent credit for years 1 to 5 of their 35-year license, Ho Farms agreed to help ADC develop 50 acres of the GAL. The rent credits also applied to water development assessments. In addition to rent credits, the ADC recommended that Ho Farms receive a cheaper rental rate to start to offset the upfront cost to develop 50 acres of the GAL. The estimated cost to develop the GAL is \$1,000/acre which includes tree removal, acquiring and incorporating coral sand to condition the soil, and 3 to 4 disc plowing of the fields. This cost does not include drip irrigation. To date, Ho Farms have not made any improvements to their lot. Due to Ho Farms' inaction, the ADC is requesting an approval to amend their terms and conditions to rescind the rent credits and lower rental rate and issue new terms and conditions that reflect the licenses of the other small farmers on the GAL. A base rental rate of \$200 an acre per year at the start is being proposed and other costs for security, water meter, riser, and concrete pad with installation cost as well as installing at their cost, a drip irrigation system for their operations (\$500-\$1,000 per acre). For years 4-10, the proposed rate is bumped up to \$400 per acre per year, closer to an appraised value of land in Kunia for \$400 an acre per year done in 2012. Re-open negotiation on the 10<sup>th</sup> year.

The recommendation is to amend the terms and conditions of the Galbraith Land License to Ho Farms' subject to the following changes: (1) term of this land license shall be for 35 years; (2) base rent will be \$200 an acre per year for the first 3 years or \$10,147.20 per year. Years 4-10 the base rent will increase to \$400 an acre per year and re-opens every 10 years; (3) no subletting to be permitted without ADC's prior approval in writing; (4) the licensee shall be responsible for paying for the following irrigation costs; 1-4 inch water meter estimated to cost \$8,935, which includes the installation cost, and an irrigation system for their operations; (5) the licensee shall be responsible for paying \$84.42 per gross acre per year or \$436.34 per month for security; (6) the licensee shall be responsible for paying \$25 per month for portable toilets.

Mr. Schenk moved to approve the recommendations; Ms. Hopkins seconded the motion.

The Hos were presented to answer questions.

Mr. Schenk asked the Ho's what is going on with their farm. Mr. Ho replied that they are making adjustments to their operations and have ordered a new trailer which will be coming in next week. They are thinking of not growing tomatoes on the Galbraith ag lands but growing row crops. They presently farm in Ewa and Kahuku. Their timeline is once they get their trailer they can take it to Galbraith to plow the very tall grass. Ms. Ho stated that they do have a lot on their plate.

Chair asked if Ho Farms has a plan for using these acreage. Mr. Ho replied they would till and set up their blocks and run their irrigation but they would first need to take down all the tall grass. But they do have a plan for the acreage. Chair stated that ADC does want to have experience farmers on the Galbraith lands but if it's too far down the line then there are other farmers that have been asking for lands and if it's not going to be utilized then we need to rethink what needs to be done. Ms. Ho replied they are thinking of abandon the Kahuku farm because of the location and transportation on the roads. They are just about ready to sign the license and at the time when the license came to them it was at a very bad time. They are asking if the board could still allow the original terms which they would need to help their farm move forward and invest in the farm.

Mr. Kitagawa asked on their Ewa ag lands. Ms. Ho replied the Ewa lands are 18 acres which is a long term lease and the other 50 acres are until they are told to leave because it's needed for development. This is a short term lease through Hoopili for the 50 acres and the 18 acres is long term lease.

Ms. Hopkins asked how bad their farm would be with this increase to their license. Mr. Ho replied they would have to absorb the increase however they still would like the Galbraith ag lands. They have a trailer and would be able to get equipment to Galbraith easier by themselves. It might push them back in buying more equipment in the long term.

Mr. Schenk asked when they would start farming. Mr. Ho replied they need to cut the grass and might be able to plant a small section.

Mr. Enright stated that he has not heard any timeline in starting to develop the parcel assigned to Ho Farms. He does understand the position that they are in but maybe Ho Farms could come back to the Board with a thought out plan on what they plan to do with this parcel. If Ho Farms is asking the Board for consideration then they need to tell the Board exactly what they plan to do on the parcel.

Mr. Enright asked that this item be deferred to the next meeting so we could take a look at the Ho Farms' overall plan.

Short recess was called at 9:55 am.

F. Request for Approval to Issue a Revocable Permit to Taiwan Gu and Hawaii Golden Farm LLC for 200 acres in a Portion of Unit A, Kalepa, Kauai, Tax Map Key (4)3-9-002:002 (por).

Ms. Owan made the presentation for approval to issue a RP to Taiwan Gu and Hawaii Golden Farm for 200 acres in a portion of Unit A, Kalepa. She reported that the ADC Board approved at its meeting on August 27, 2014 an issuance of a 35-year license to Taiwan Gu on 68 acres of Unit C. On December 1, 2016, the license was amended to add Hawaii Golden Farm LLC as a licensee. Together, they have successfully grown sweet potato and ginger and expressed an interest in expanding their farming operation in Kalepa. At its meeting on July 25, 2017, the ADC Board approved withdrawal of approximately 200 acres of land from a total 598 acres in Unit A, which is utilized as pasture under RP 7448. It was determined that the land would be better utilized as diversified agriculture. The specific 200-acre portion shall be determined by mutual agreement between Mr. Sanchez and the Applicant. A method using Global Positioning System (GPS) points will be used to establish the boundary that encompasses approximately 200 acres. The Applicant has agreed to install fencing to protect his crops from existing pasture livestock.

GoFarm Hawaii, which is part of the University of Hawaii's Agribusiness Incubator Program, has expressed interest in using ten acres of farm land for its projects. When GoFarm Hawaii is ready to proceed with its farming activity, the Applicant has agreed to withdraw the ten acres from its permit area to be issued by the ADC to GoFarm. The ten acres will also be delineated using GPS points, and will be identified by agreement of the parties.

Mr. Enright moved to approve the recommendations; Ms. Hopkins seconded the motion.

Ms. Hopkins suggested that the Board just give Taiwan Gu 190 acres and leave the 10 acres for Gofarm with Mr. Sanchez because in due time it would drain out it's natural activity so it would be overly used. Ms. Owan replied Gofarm should be going in in about a year.

Gofarm would need to come to ADC and make a presentation on their plans.

Mr. Enright commented that Kalepa seems to have problems with ag theft and drug use going on therefore maybe the land committee needs to look at the how to prevent ag theft. Also the idea of living on the property to prevent ag theft.

Mr. Nakatani said it is an issue that needs to be discussion with the County of Kauai and DLNR. Maybe hiring security which would be a cost to the farmers. The Board would need to take this up in the future.

Motion carried unanimously.

G. Report of the Finds and Recommendations of the Land Investigation Group.

Mr. Nakamoto made the presentation for a possibly using large scale greenhouse operation for food production and determined that this type of operation would be ideal given the lands location and proximity to the community and is adjacent to the Whitmore master plan area. Potable water is accessible via a Board of Water Supply water meter which is ideal for greenhouse operations. The committee has concerns about using these lands for track crops due to lack of irrigation water. Also the concerns about establishing traditional agricultural operations so close to the community because of pesticide use and spraying that's involved. The greenhouse operations are 100% self-contained and can minimize the release of pesticides into the environment and human exposure. The committee commends that AC should consider utilizing portions of its agricultural lands in Whitmore for large-scale greenhouse operations for food production.

Mr. Schenk commented they met and this is the best possible conclusion for these lands. This parcel is adjacent to the community so we need to find the right person who goes on the parcel. Mr. Kitagawa said that we can learn and have individuals who do green housing farming so we know it can be successful. ADC should encourage more individuals to do this kind of farming so it can become consistent. We should have this project and show people that Hawaii has good climate and there are a lot of advantages for greenhouse production.

Chair said a lot of farmers have gone through climate conditions and greenhouse production so it should be a way to start looking into this direction. The intent of the Board is to put on the radar and look favorable of who wants to do green housing production.

H. Executive Director's Reports and Updates.

1. Landis Ignacio
2. Whitmore ag lands

Mr. Nakatani reported that Landis Ignacio passed away on September 23, 2017. He did a lot to help the Kekaha Agriculture Association, the Community and ADC. He reported that last session, the legislature appropriated \$6.9 million to Department of Hawaiian

Home Lands under the intent that DHHL would transfer two parcels in Whitmore owned by DHHL to ADC. The land was previously owned by Castle and Cooke and managed by Dole Food. The parcels are currently vacant, not used for agricultural production and heavily vegetated. The ADC is in the process of conducting its due diligence to identify any issues prior to accepting land. The addition of these parcels will create a contiguous field in Whitmore connecting the Galbraith Agricultural Lands with the Whitmore Agricultural Lands.

He also mentioned that there was an article on PBARC for papayas to energy. They mentioned besides papaya also using other commodities.

I. Report from the Administrative Committee on the performance evaluation of the Executive director. The Board may go into Executive Session pursuant to Hawaii Revised Statutes §92-5(a)(2) and (8) in order to consider the evaluation of its employee, and to deliberate on and discuss information that must be kept confidential pursuant to state or federal law.

Short break was called at 10:40.

Mr. Enright moved to go into executive session; Ms. Melton seconded.

Back in session

Mr. Enright moved on the matters discussed in the executive session: first to approve and ratify the pay adjustments effective on July 1, 2013; July 1, 2016; and January 1, 2017 pursuant to executive order 13-11; Mr. Kitagawa seconded; motion carried unanimously.

Ms. Kaichi clarified that the approval and ratify extension of the executive director's employment up to end of the year 2017 and to clarify to the chairperson of the Board of Agriculture for all future extensions of the executive director's employment shall likewise be approved or extended unless and until otherwise directed by the board of the ADC.

Ms. Melton commented that HTDC also has a similar corporation as ADC so the two resolutions are important because the Board is responsible for hiring the executive director so anyone coming in can look back and say this was the board's intension. It is important to give the documents to ADC but for the board to have that in its own records for the corporation.

Motion carried. Unanimously.

Meeting adjourned at 11:25 am

Respectfully submitted,

Cindy Doi

Approved as amended at  
December 20, 2017 meeting

secretary

**AGRIBUSINESS DEVELOPMENT CORPORATION**

Minutes of the Board of Directors meeting for December 20, 2017  
Department of Agriculture Plant Quarantine Conference Room  
1849 Auiki Street, Honolulu, Hawaii 96819

Members:

Letitia Uyehara	Lloyd Haraguchi
Sandra Kato-Klutke	Yukio Kitagawa
Douglas Schenk	Margarita Hopkins
Robbie Melton	Jeffrey Pearson
Scott Enright arrived at 10:00	Denise Albano

Absent:

Leilyn Koev

Guests:

Todd Low, HDOA	CyVan Yamamoto, Kings Hawaiian
Cynthia Au, District 46, House of Representatives	
Tina Deitschman, Senator Dela Cruz's office	

Staff:

James Nakatani  
Myra Kaichi  
Lynn Owan  
Ken Nakamoto  
Cindy Doi

Counsel:

Andrew Goff

A. Call to Order.

Chairperson Uyehara called the meeting to order at 9:07 am.

B. Approval of minutes from the October 11, 2017 meeting

Ms. Klutke was not present at the October 11, 2017 meeting.

Ms. Melton moved to approve the minutes as amended; Ms. Hopkins seconded the motion; motion carried unanimously.

C. Presentation by King's Hawaiian: Hui Na Mea'Ai, Phase 1, Whitmore Proposal.

Chair introduced Mr. Yamamoto from King's Hawaiian who made the power point presentation. They have founded a non-profit here in Hawaii which is being supported by King's Hawaiian but the whole

idea is to help agriculture in Hawaii to develop into the new century. Hui Na Mea 'Ai Hawai'i has developed a functional design of a wash, pack, and store facility for the aggregation of agriculture products with the possibility of also doing certain value added products. The concept was designed to meet current food safety standards and fit within the Tamura Building in Wahiawa but could also be used to create a new, stand alone facility. They envision that this would be a key early phase and proof point for the Whitmore Village project that would continue to grow and scale as farmer demand increases.

Mr. Kitagawa asked what the role was going to be for King's Hawaiian. Mr. Yamamoto replied they don't have any plans to operate the facility. As far as funding, they have funded all the work done so far. They would be looking for federal and state funding to build the facility. They would like to look at investors and maybe the University.

Mr. Haraguchi asked if that facility would be in Wahiawa using the Tamura Building or an existing building in Whitmore. Mr. Yamamoto replied this concept could be built in Whitmore but would be easier at Tamura because of the existing building, design and infrastructure could handle what they foresee.

Mr. Schenk asked if there were other facilities that has this concept. Mr. Yamamoto replied yes, but probably on a larger scale. He will get more information and send it to the Board.

D. Request for approval to revoke a 3-year lease to Mari's Garden for agricultural purposes, Whitmore, Oahu, Tax Map Key (1) 7-1-02-09 (por).

Mr. Nakamoto made the presentation to revoke the 3-year lease to Mari's Garden. He stated that on September 1, 2017, the ADC issued a lease to Mari's Garden to use Building N for a greenhouse. Also Building M, for a storage warehouse. Mari's Garden proposed to improve the greenhouse and conduct a variety trials on potential crops that cannot be grown at lower elevations. The proposed improvements was estimated cost of \$103,000. However after further inspection, Mari's Garden determined that the cost to improve the greenhouse exceeded its estimated cost and has informed ADC that they would like to terminate their lease to use the structure. Since there were no improvements made, the ADC will not impose any penalties to for early termination. The recommendation is for approval to revoke the 3-year lease to Mari's Garden for a portion of TMK 1-7-1-02-09.

Ms. Klutke moved to approve the recommendation to revoke the 3-year lease to Mari's Garden; Ms. Hopkins seconded the motion; motion carried unanimously.

E. Request for Approval to Amend the Terms and Conditions of Ho Farms LLC's Galbraith Land License, Tax Map Key 6-5-02-25 (por), Lot 10.

Chair commented that this was a deferred item from ADC's last meeting which is a request for approval to amend the terms and conditions of Ho Farms Galbraith Land License. Also Ho Farms sent their Land Utilization plan which was given to the members.

Mr. Haraguchi asked what would ADC do if they don't come through. Chair replied after it is approved, Ho Farms will need to start paying the regular rates because the Board did give them some concession

based on doing land improvements to get ready to start farming but they have not done anything to this day.

Mr. Nakatani stated that we will institute for all tenants that letters will be sent out if they do not comply or late in paying their rent.

Chair stated as far as Ho Farms land utilization plan it does specify dates therefore we need to hold them to it and if no movement or activity is being done then we need to write to them. Mr. Nakatani stated that all tenants will need to comply with all their conditions and if not we should send out reminders if they are not in compliance. Also dates should be held firm.

Mr. Kitagawa asked about the containers that they proposed to put on their property. He didn't want this area to become a place where they would be gathering. Mr. Nakamoto stated that we would like to amend the license that have not been already signed to be clean and concise specifying that there be no homes or living on the property. Four years ago, we crafted a license to Ho Farms who we thought would be ready and willing to go on the property therefore the lower rent. However they did not do anything on the property thus the recommendation is to charge Ho Farms the regular rate.

Mr. Nakamoto stated that Ho Farms have started clearing the property with a small mower, submitted their conservation plan, and commercial liability insurance.

Ms. Hopkins moved to approve the recommendations to amend Ho Farms terms and conditions; Mr. Schenk seconded the motion; motion carried.

F. Request for approval to renew Revocable Permit No. 7004 for Gary Smith in Kekaha, Kauai; Tax Map Key (4) 1-2-02-01 (por).

Ms. Owan made the presentation for approval to renew RP No. 7004 for Gary Smith. The Permittee's use of the land is gardening and the location of the plot do not qualify for a long-term license. The Permittee is in good standing and is current on his rent payments. The recommendation is that the Board approve the renewal of RP 7004 with the following: renewal of a month-to-month revocable permit effective January 1, 2018 for 2,780 sq. ft.; rent remain unchanged at \$156/year (\$13 a month); applicant shall not sublicense or sublease the whole or any portion of their premises without the prior written approval of the ADC Board; and all remaining terms and conditions of RP 7004 remain in full force and effect.

Mr. Enright moved to approve the recommendation to renew Revocable Permit No. 7004 for Gary Smith; Ms. Klutke seconded the motion; motion carried unanimously.

G. Request for approval to renew Revocable Permit No. 7299 for Senter Petroleum, in Kekaha, Kauai, Tax Map Key (4) 1-2-02-01 (por).

Ms. Owan made the presentation for the approval to renew Revocable Permit No. 7299 for Senter Petroleum. The rent space is for the land under and immediately around above ground storage tanks that are used for petroleum storage, sales and distribution, plus access to the site from Kekaha Road. Permittee is not interested in a long-term agreement. The RP conditions include a clause that requires

the Permittee to conduct a Level One Hazardous Waste Evaluation and conduct a complete abatement and dispose, if necessary prior to termination of the RP. In July 2017, the Permittee submitted their Spill Prevention Control and Countermeasure Plan to the ADC. Permittee is in good standing and is current on their rent payments. The recommendation is that the board approve the following: renewal of a month-to-month revocable permit effective January 1, 2018; rent remain unchanged at \$13,500/year (\$1,125/month); applicant shall not sublicense or sublease the whole or any portion of their premises without the prior written approval of the ADC Board; and all remaining terms and conditions of RP 7229 remain in full force and effect.

Mr. Schenk moved to approve the recommendation to renew Revocable Permit No. 7299 for Senter Petroleum; Ms. Klutke seconded the motion.

Mr. Pearson asked how the rent was determined. He said that an appraisal should be done. An appraisal was done in 2003 when ADC received it.

Motion carried unanimously.

H. Request for approval to amend License No. L-08202 to Hartung Brothers Hawaii, LLC fka Syngenta Hawaii, LLC, to reduce the licensed acreage in Field 409 by 17 acres, more or less, Kekaha, Kauai, Tax Map Key (4) 1-2-02-01 (por).

Ms. Owan made the presentation to amend License No. L-08202 to Hartung Brothers to reduce the licensed acreage in Field 409 by 17 acres more or less. She stated that License L-08202 issued to Syngenta Hawaii, LLC has been effective since December 4, 2007. In 2017, Hartung Brothers LLC bought Syngenta Hawaii and changed its name. Currently, they rent a total of 1,313.33 acres. When ADC received the set aside in 2003 for the Kekaha lands, seven revocable permits were transferred including RP 7239 that DLNR issued to Syngenta Seeds Inc. The Kekaha RP holders divvied up the lands by clusters of fields, and using CIS technology agreed upon acreages to coincide with the field boundaries that would be issued as licenses to the RP holders. The entire Field 409 was taken by Syngenta and only recently discovered that the set aside had actually given the ADC only a portion of Field 409. Therefore, the ADC had erroneously licensed the portion of Field 409 that was not set aside to ADC. Those portions of the surrounding lands that are encumbered by office buildings and agricultural structure improvements had been carved out of the set aside to ADC, and set aside instead to the Department of Agriculture. In subsequent subdivisions, portions of Field 409 are now included in three different tax map key parcels under the control of DOA and DLNR. Tenant and DLNR agree that approximately 17 acres of Field 409 are part of TMK (4) 1-2-02-40, which the Land Board recently granted to the tenant via revocable permit, effective December 1, 2017. Therefore ADC should remove the 17 acres from License No. L-08202 that are now included in the DLNR revocable permit, and should commensurately reduce the rental fee under the License. The recommendation is that the Board approve the removal of seventeen acres from License No. L-08202 to Hartung Brothers Hawaii and the reduction in rental fee by \$2,550 per annum; that all other terms and conditions of License No. L-08202 continue to be in full force and effect.

Mr. Enright moved to approve the recommendation; Ms. Hopkins seconded the motion.

Ms. Kaichi explained the map that was attached.

Motion carried unanimously.

I. Request for after-the-fact approval to terminate Revocable Permit No. 7448 issued to William J. Sanchez and issue a new RP to William J. Sanchez for Unit A located in Kalepa, Kauai, Tax Map Key (4) 3-9-02-20 (por).

Ms. Owan made the presentation on a request for an after-the-fact approval to terminate Revocable Permit No. 7448 issued to William J. Sanchez and issue a new RP to William J. Sanchez for Unit A located in Kalepa, Kauai. The applicant was issued a revocable permit in 2013. On July 25, 2017, the Board approved the withdrawal of approximately 200 acres under RP 7448. This is an after-the-fact request to issue a new RP with the reduced acreage effective November 1, 2017 to October 31, 2018. Tenant has been maintaining the land and presently developed at 100% capacity. Also payments has been made in a timely manner. The recommendation is that the board approve, after-the-fact with the following: issuance of new month-to-month revocable permit to William Sanchez effective November 1, 2017 for 419 gross acres of Unit A; rent is reduced to \$5,970/year (\$15 acre/year for 398 new acres); applicant shall not sublicense or sublease the whole or any portion of their premises without the prior written approval of the ADC Board; and all remaining terms and conditions of the amended RP 7448 remain in full force and effect.

Ms. Melton moved to approve recommendations as amended; Ms. Hopkins seconded the motion.

Ms. Hopkins asked the acres are 419 gross but is charged only 398 and not for the unusable acres. Ms. Owan replied yes.

Motion carried unanimously with corrections.

J. Executive Director's Reports and Updates.

1. Anticipated land closing
2. Whitmore
3. Kalepa

Mr. Nakatani made his executive director's reports and updates. The anticipated land closing are TMKs: 6-4-04-06 & 08 (234 acres, 162 usable acres); 9-5-03-07 (91 usable acres); 6-5-02-11 (216 usable acres); and 6-5-05-02 (434 acres, 424 usable acres). The land was previously owned by Castle and Cooke and Dole Food Company Hawaii. First two TMKs are currently vacant and not used for agricultural production and heavily vegetated with trees and tall grass. The last two TMKs are active farmland equipped with irrigation. The ADC anticipates closing on the five parcels on December 28, 2017.

On December 11, 2017, the ADC demolished five illegal structures near Whitmore Circle Apartments on Uwalu Circle in responses to several complaints about drug use, loud noise, open fires, fights, loose dogs, gambling, prostitution, and illegal dumping in the area. The ADC has a problem with trespassing in Whitmore on the vacant and unusable portions of land which consist of overgrown fields, gullies, and natural forested areas. Numerous verbal and written warnings to several individuals and has installed signage, barriers, and gates to secure the acres. ADC does not have any immediate plans to use this

area, and is contemplating allowing community members to enter into an agreement with ADC to legally use the area for a community garden and provide security.

ADC is placing an encumbrance on HSPA #1, occupied by Kapaa Banana, to provide access to a 2-acre parcel identified as HSPA #2. Providing access to HSPA #2 will allow ADC to place a farmer on the land. At the appropriate time, the ADC will include this encumbrance in the License Agreement for HSPA #1 and HSPA #2.

Mr. Pearson stated that the ADC has large parcels of land and that the homeless are not going away therefore maybe ADC should work on their budget to put money towards this problem.

Chair stated that there is a need to look at starting a committee to look at places like Whitmore and Kalepa to start an investigation and come up with recommendations that ADC needs to take a look at these lands. She named Mr. Schenk and Mr. Haraguchi to serve on this committee.

Ms. Melton mentioned that the Hackathon/Agathon has been scheduled for January 6<sup>th</sup> at the Pearl City urban garden center. There will be a project in the morning then in the afternoon talk about challenges that the farmers have and bring the tech community to help solve them. Then the following weekend would be for the tech people to get together to create projects. Sunday afternoon judging will done on all the projects. Judges will be Mr. Enright and hopefully Mr. Nakatani. They have been working for two years. It is free for all to come. There is a website and she passed out a flyer.

Short recess at 10:45 am

K. Report from the Administrative Committee on the performance evaluation of the executive director. The Board may go into Executive Session pursuant to Hawaii Revised Statutes 92-5(a)(2) and (8) in order to consider the evaluation of its employee, and to deliberate on and discuss information that must be kept confident pursuant to state or federal law.

Mr. Enright moved to go into executive session to evaluate the Executive Director's performance; Ms. Klutke seconded the motion; motion carried unanimously.

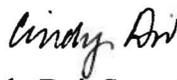
Executive session called at 11:00 am

Out of executive session; Ms. Melton moved to get out of executive session; Mr. Schenk seconded the motion; motion carried unanimously.

Mr. Enright thanked Mr. Nakatani for all his hard work. The board is pleased but more communication is needed. The committee will meet with him then report to the board. Mr. Nakatani said thanked his staff for all their hard work.

Meeting adjourned at 12:09 pm

Respectfully submitted,



Cindy Doi, Secretary