

AGRIBUSINESS DEVELOPMENT CORPORATION
Minutes of the Board of Directors Meeting of February 20, 2019
235 S. Beretania Street, Room 203, Honolulu, Hawaii 96813

Members:

Letitia Uyehara	Lloyd Haraguchi
Leilyn Koev	Sandra Kato-Klutke
Douglas Schenk	Margarita Hopkins
Len Higashi, DBEDT	Kaleo Manuel, DLNR
Yukio Kitagawa arrived 9:40	
Phyllis Shimabukuro-Geiser arrived at 9:40	

Absent:

Denise Albano

Guests:

Richard Loero, Kokee Farms	Giselle Loero, Kokee Farms
N. Comerford, CTAHR	Kelvin Sewake, CTAHR
Craig Wagnild, Sunrise	Joshua Uyehara, KAA/Hartung
Remedio Dabalez, Atooi #33	Jane Au, Aina Momona
Jazmine Corpus, Whitmore	Julie Au, Aina Momona
Carolyn Ringor, Whitmore	Elaine Ringor, Whitmore
Amy Perruso, Wahiawa District 46	

Staff:

Counsel:

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

A. Call to order.

Chairperson Uyehara called the meeting to order at 9:15 am.

B. Approval of Minutes from the November 28, 2018 and December 12, 2018 meeting.

Chair and Ms. Hopkins made a few grammatical corrections on both minutes.

Ms. Schenk moved to approve both minutes as corrected; Mr. Haraguchi seconded the motion. Motion carried unanimously.

Item H was moved to be heard next.

H. Request to Approve the issuance of Revocable Permits for Circle Mauka residents in Whitmore, Oahu, TMK (1) 7-1-02-04 (por) Deferred on December 12, 2018

Mr. Nakamoto made the presentation. This item was deferred from the December 12, 2018 meeting. A request was received from Senator Dela Cruz on behalf of his constituents regarding possible waiving of the fee and insurance clause. It is the discretion of the ADC Board but staff is okay of waiving the fee provided that everything is in compliant with the terms and conditions of the permit. There has been some concern that this permit is the long term or absolute solution to the situation in Whitmore however this is a short term temporary solution in hopes that a nonprofit or any community organization would like to take on the task and provide service to the community through gardening or agricultural production. To date nothing has been received in writing or a proposal from a nonprofit or community group. As such we are here today to request that we do the short term revocable permit which could be three months or how ever long it takes for a nonprofit or community to come up with a proposal that the Board can consider and review. The terms and conditions would be negotiated. The approval of permits would come back to the ADC Board and the tenant would present their proposal and yard plan. He did mention to the community that we are not objecting to anything that they are doing currently, provided that it is a compatible use with their neighbors and the surrounding farming activities. If it is not in compliance with the laws, county and ordinance then it may be revisited and would work with them to be in compliance.

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

Mr. Haraguchi asked if this is under an ag zone. Mr. Nakamoto replied that he believed so. Mr. Haraguchi stated that under ag zone, it is allowed to do certain things like build a structure, and raise animals. When this discussion came up earlier, he thought it was just for gardening. It broadens the scope when it is ag zone and could allow buildings and animals. He didn't think that was the intent. What the community expects under ag zone should be discussed now before making a decision. Mr. Nakamoto replied if this is approved, we would then get applications then meet with that person to go over their plan. This is like what we do for our farmers but only on a gardening scale.

Ms. Klutke asked if we could do this on a short term bases allowing gardening as it is done now and not to add anything more to what is being done presently. Mr. Nakamoto replied the individual would be required to submit a drawing and then would come back to the Board for approval. Ms. Klutke stated if it was approved today, it would be with the understanding that approval would be to not increase the usage of what is being done now.

Chair commented that this is a short term solution and did give some of the community organizations an opportunity to find other kinds of solutions potentially long term that would work. But for now this is an important thing to do as we move forward we can weed out those kinds of residence who has been using their property for illegal activities which will not be condoned. It is state lands and it is our responsible to protect those lands.

Motion is carried unanimously.

Mrs. Ringor thanked the Board and staff for listening to all the comments and concerns that were presented today and in the past. She understands what the Board must do to come up with a solution and they plan to work together to come up with a solution.

Jane Au representing the nonprofit Aina Momona which is a native Hawaiian nonprofit communitive environmental health and sustainability through restoring social justice and Hawaiian sovereignty. She requested that the issuance of the permits be deferred until they are able to get a written proposal to ADC

so they can start working towards long term solutions. They appreciate the attempt to move to short term solutions but they recognize that this project is big. Over the next few years there will be a lot of different phases that they will be entering and would like to remain involved throughout these processes particularly when completing the cultural impact assessment. They would like the community involved and that document done and completed to the best of its ability. Also the Waialua moku should be involved in the impact assessment because this project will have big effects on the entire north shore community. She had a letter from her father Kavika Au who is the ahumoku representative of Waialua expressing his support to defer the permits until a proposal is submitted and the Whitmore community be involved in the implementation of the permits and planning.

Remedio Dabalez, representing Atooi which has been recognized by the United Nations. He commented that the Whitmore community should be able to grow vegetables without permits because it is ag zone and they have the right. He asked that the State do their due diligence and search for the facts because the State will be liable. They are here to protect their land, people, water, air and the future.

Jazmine Corpuz commented that on behalf of Rooted a nonprofit and are trying to get incorporated. They did not send in their proposal yet. They are trying to work with other organizations to try to make sure they are culturally sensitive with any long term solution that they propose. Also to involve the community and have been doing some community outreach to try to get more people involved to get a better idea of what the community wants. They understand that what they decide should not be the choice of the whole community without them knowing. She noted that they are able to work with ADC in the process before any issuance of the permits are done. She is asking for the Board's support and maybe two months of working with ADC before issuing any applications or permits so they would be able to have something that is workable and compatible with everyone in the community.

C. Request for Approval to issue a license to Kokee Farms for land located at Kekaha, Kauai; identified as a portion of Tax Map Key (4) 1-2-02-01.

Mr. Nakamoto made the presentation to issue a license to Kokee Farms for land. He stated that the principals who have over 20 years farming experience are teaming up with forestry experts to develop a perennial-based system of coffee, tea, fruiting trees and forestry that are well adopted to the elevation and environment of Kekaha's mauka lands. Their business plan is to sell their produce on-farm via a farm stand and a pick-your-own mixed agroforest, with any extra produce sold to local restaurants and value-added businesses. The coffee will be wet and dry processed on site with green beans further processed and offered to market through Kauai Roastery, farm stand and online. The requested area is identified as Field 633 with approximately 62.29 acres and has access to water essential for growing crops. An operational and development plan was provided to the ADC staff. Also a conservation plan is required and submitted for acceptance to the ADC. In conclusion, approving this request will increase ADC's diversified agriculture acreage in West Kauai. This will allow the ADC to manage this field as one contiguous unit without having to redesign the field and irrigation layout.

The recommendation is to approve the issuance of a 35-year land license to Kokee Farms in Kekaha, Kauai subject to the following terms and conditions: the term of this license shall be for 35-years; the annual fee is based on the rate of \$150 an acre; the annual rental shall re-open every 10th year of the term; the licensee shall pay an annual maintenance fee to the Kekaha Agriculture Association that would cover water delivery rates, and other incidental, administrative, and infrastructure costs; and no sublicensing the whole or any portion of their premises without the prior written approval of the ADC Board.

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

Ms. Hopkins asked what they would do with the remaining 10.2 acres. The plan only shows to utilize a total of 52 acres. Mr. Loero replied he was not sure about the whole 62.29 acres which is the mapping acres but there are roads and gulches so the 52 acres is the net acres. They were not able to get on the lands to measure but should be going there soon. She also asked that once the land is surveyed for planting, would they come back and let us know how they are utilizing all the lands and whether it's tillable and non-tillable. The reply was yes.

Mr. Schenk asked by year five, how many employees do they foresee hiring. Mr. Loero replied currently the model is calling for 6 to 8 people. It would be seasonal so during maintenance time they would not need as many people. They could be using high schoolers because there is an educational component of their farm by training kids from the west side of Kauai to become farmers. But during the harvest season it could be about 30 people they could be hiring.

Ms. Hopkins asked what kinds of coffee would be planted and how many plants do they anticipate per acre. Mr. Loero replied the spacing 14 ft. between rows and 3 ft. in between plants which would be about 1,000 to 1,080 per acre. The variety would probably be a mixture of varieties because they would see a riping peak between varieties and want to spread that variety peak over the longest period of time so they can have lower overhead.

Ms. Klutke asked how many pounds of coffee per one tree. Mr. Loero replied in the beginning would be two or three pounds. At peak, about 15 pounds of cherry which is a 5 to 1 ratio so looking at 4 to 5 pounds of finished product. Their model is conservative of about 2,000 pounds of finished product per acres.

Mr. Manuel asked where is the water coming from to support this, is it the Kokee ditch and is there enough capacity in the system. Mr. Loero replied yes it is coming from the Kokee ditch and from his understanding there is enough capacity, based on the numbers they received of 15,000 per gallons per day.

Motion carried unanimously.

Short recess called at 9:45. Called back at 9:55

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

Mr. Nakamoto made the presentation to re-issue a revocable permit to Andros Engineering for a covered parking area. Andros has been renting a parking shed since 2016. The Permittee is a world supplier of specialized agricultural equipment based in California that has been operating in Hawaii since 2016. Permittee has been a good tenant and is up to date on rent payments. The ADC plans to redevelop the area, which may include the removal of the covered parking. ADC proposes to allow the Permittee to continue using the land for its operation on a month to month basis until such redevelopment ensues.

The recommendation is to approve the reissuance of a revocable permit to Andros Engineering Corporation for parking area in Whitmore subject to the following terms and conditions: term of this revocable permit shall be on a month-to-month basis; base rent shall be \$880.00 per month; permittee shall pay its share of utilities; and no subletting to be permitted without ADC's prior approval in writing.

Mr. Schenk moved to approve the recommendations; Mr. Haraguchi seconded the motion. Motion carried unanimously.

E. Request for Approval to Re-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 re-issue a revocable permit to Andros Engineering for office space in Whitmore. He reported that Permittee has been renting the old Credit Union office space located in a field office identified as Building E.

The recommendation is to approve the reissuance of a revocable permit to Andros Engineering for office space in Whitmore, subject to the following terms and conditions: term of this revocable permit shall be on a month-to-month basis; base rent shall be \$79.35 per month; permittee shall pay its share of utilities (sewer, electricity and cable); and no subletting to be permitted without ADC's prior written approval.

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

Ms. Klutke asked how the rent of \$79.35 per month was calculated based on 132.25 square feet. Mr. Nakamoto replied he believes it's based on \$.60 per square feet. Probably based on real estate value and stay below market value. Mr. Nakatani commented that because it's a revocable permit that is why it's lower. It is not the best building.

Mr. Manuel asked if ADC has a pricing policy or an appraisal methodology in determining a rental rates. Mr. Nakamoto replied sometime on rental rates especially when it's re-opened we would do a rental rate appraisal. For this, it was based on our initial appraisal when we purchased the land and kept it consistent. He did call around and did comparisons on the rates.

Motion carried unanimously.

F. Request for Approval to Re-Issue a Revocable Permit to Manoa Honey Company for storage space in Whitmore, Oahu; Tax Map Key (1) 7-1-02-09 (por).

Mr. Nakamoto made the presentation to re-issue a revocable permit to Manoa Honey Company for storage space in Whitmore. Manoa Honey Company has been storing apiary equipment since 2017. The company has a processing facility in Wahiawa where they produce pure, raw, premium Hawaiian honey as well as specialty hive products such as fresh bee pollen, comb honey and bees wax. Permittee has been a good tenant and is up to date on payment of rent. As mentioned before the ADC plans to redevelop the area which may include the removal of the storage building.

The recommendation is to approve the reissuance of a revocable permit to Manoa Honey Company in Whitmore, subject to the following terms and conditions: term of this revocable permit shall be on a month-to-month basis; base rent shall be \$96.00 per month; and no subletting to be permitted without ADC's prior written approval.

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

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

Mr. Nakamoto made the presentation to re-issue a revocable permit to Oceanic Companies, Inc. for a covered parking are in Whitmore. He stated that Oceanic Companies (OCI) is currently occupying a

portion of Building G. OCI's construction project with the City and County of Honolulu to upgrade the Uwalu Wastewater Pump Station has been extended and they have requested an extension of their permit. OCI plans to continue using the area to house a portable office trailer and a smaller office trailer in the subject area for the duration of the project, which they intend to remove upon the project's completion. The portable office will be used to house the City inspector, engineer and OCI project manager/engineer. There will be no construction work done on the premises. OCI has been a good tenant and is up to date on their payment of rent. As mentioned before the ADC plans to redevelop the area which may include the removal of the covered parking.

The recommendation is approve the reissuance of a revocable permit to Oceanic Companies, Inc. in Whitmore subject to the following terms and conditions: term of this revocable permit shall be on a month-to-month basis; base rent shall be \$385.00 per month; Permittee shall pay its share of utilities; and no subletting to be permitted without ADC's prior written approval.

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

I. Request for Approval to Issue a License to Dole Food Company, Inc. for 23 acres of land in Waialua, Oahu; Tax Map Key (1) 6-5-005-02 (por).

Item deferred because information was not received.

J. Request for Approval of Sunrise Capital, Inc. to sublicense 181.67 acres to Hartung Brothers Hawaii, LLC; Kekaha, Kauai, Tax Map Key (4) 1-2-02-01 (por).

Ms. Owan made the presentation for approval of Sunrise Capital to sublicense 181.67 acres to Hartung Brothers, Kekaha. She gave a background which was on the agenda at the last meeting. Sunrise is in the process of planning to expand their operation and will provide ADC with proposed development plans at a later date. A Service Agreement between Sunrise and Syngenta (now Hartung Brothers) arranged for Syngenta to grow crops on Sunrise's fields. The Services Agreement expired on October 31, 2018 although Sunrise continued to allow Hartung to grow crops. The Board at its December 12, 2018 board meeting, Sunrise was given approval to recharacterize acreage from tillable to non-tillable under Sunrise's License. Hence, a total of 218.18 acres has been determined to be non-tillable and is no longer utilized by Hartung, a total of 205.67 acres are tillable. Sunrise request to sublicense comprising 181.67 acres of tillable land to Hartung for a limited term of five years.

The recommendation is to approve an issuance of a sublicense from Sunrise Capital to Hartung Brothers for 181.67 acres, subject to the terms and conditions as follows: term shall be five (5) years, at the diversified ag rate of \$150/acre/year; Hartung shall pay its pro-rate share of the current Kekaha Agriculture Association fees and State and County taxes to Sunrise; Hartung to submit a Conservation Plan, approved by the Soil and Water Conservation District, for the sublicensed fields; Hartung shall not sublicense the whole or any portion of its premises without the prior written approval of the ADC Board.

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

Ms. Kaichi clarified that Hartung is on Sunrise's land and this would be properly used by Hartung on Sunrise's tillable lands. This Board has approved what is tillable and non-tillable. Today, what is being asked is to approve the sub-license from Sunrise to Hartung for the tillable fields.

Ms. Hopkins asked how ADC could allow Hartung to continue to grow crops with an expired Service Agreement. Ms. Owan replied ADC had the intent of issuing the sublicense. Craig Wagnild, representing Sunrise Capital replied that they extended that Agreement on a limited basis subject to the approval by the Board of the sublicense request. Ms. Klutke commented that the extension of the Agreement was a decision by Sunrise to Hartung without informing ADC for approval to extend. She also asked why Sunrise waited until the Agreement expired before getting a sublicense with Hartung. Mr. Wagnild replied that Hartung was on the land and they were not able to get this request to the ADC Board for approval. They were working on trying to extend the Agreement before it expires but a number of things had come up for approval. Ms. Kaichi stated that ADC did inform Sunrise that it was improper to sublicense without ADC's approval however we were trying to get everyone in compliance. ADC staff will be working on a monitoring system to keep up to date on our leases, licenses and revocable permits.

Mr. Wagnild stated that they put in an approval for a salt water well which would be a replacement well. There are two wells – one is failing and is 20 years old. There is a timing issue and not on the agenda today. He asked whether the Board could just allow Sunrise to apply for a permit which takes 120 days but no work would be done yet. Ms. Kaichi stated that this is not a noticed item and could receive information but no deliberation should be made. This could be brought up at our next meeting.

Motion carried unanimously.

K. Request for Approval to issue a sub-license for 5.4 acres in Field 120 from Hartung Brothers Hawaii, LLC to Beck's Superior Hybrids Inc.; Kekaha, Kauai; Tax Map Key (4)1-2-02-01 (por).

Ms. Owan made the presentation for approval to issue a sub-license for 5.4 acres in Field 120 from Hartung to Beck's on a month-to-month basis. She gave a brief background that Hartung bought Syngenta and continued with the ADC which covers a total of 1,321.33 acres. BASF assigned its right, total and interest as licensee to Beck's Superior Hybrids. From 2008 until May 2018, the ADC Board approved Syngenta's sublicensed 5.4 acres of Field 120 which was occupied by BASF now Beck's. Beck's seeks to renew its agreement to utilize the 5.4 acres for planting rice and/or soybeans. The recommendation is for approval to issue a sublicense from Hartung to Beck's subject to the following terms and conditions: term shall be month-to-month and may be terminated by either party upon 30 days' notice; Beck's shall pay its pro-rata share of the current Kekaha Agriculture Association fees and State and County taxes to Hartung; Beck's shall comply with the current Conservation Plan for this party; Beck's shall not sublicense the whole or any portion of the premises without the prior written approval of the ADC Board.

Mr. Haraguchi moved to approve the recommendations; Ms. Klutke seconded the motion. Motion carried unanimously.

L. Request for consent to an indenture of Mortgage, Security Agreement Financing Statement by the Kauai Island Utility Cooperative (KIUC) to the United States of America, Rural Utilities Service (RUS) and the National Rural Utilities Cooperative Finance Corporation (CFC).

Ms. Kaichi stated that we had this discussion at the December 12, 2018 meeting on the indenture of mortgage in place of the existing mortgages on leases from the state to KIUC. At that meeting, she only asked to approve two of the leases but there were actually three leases. The two leases were in Kalepa and one in Kekaha. The leases are electrical so it's a substation to access the easement. The request is for the ADC Board to approve KIUC's request to consent to the indenture of mortgage, security agreement financing statement to the United States of America Rural Utilities Service and the National Rural

Utilities Cooperative Finance Corporation on general lease No. GLS 4547 comprised of .623 acres on TMK 4-1-2-2-1 (por) currently set aside to ADC pursuant to Executive Order No. 4007.

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

Mr. Manuel asked if any other state agencies have used this similar financing or is this the first time with a board or commission just for liability purposes because it seems unique and different. Ms. Huff from Joules Group stated that this exact situation has been approved by Department of Land and Natural Resources and Department of Hawaiian Home Lands.

Motion carried unanimously.

M. Request for Approval to issue a Right of Entry to Costco Warehouse Corporation for 511 acres of agricultural lands in Wahiawa, Oahu, Tax Map Key (1) 6-4-003-16.

Mr. Low made the presentation for approval to issue a right of entry to Costco Warehouse for 511 acres of agricultural lands in Wahiawa located below Helemano military housing across Dole Plantation. There are three basic steps to this project: due diligence, farm test if all works out, then go into full production. The farm test would probably be for two years and the due diligence for one year because they want to get the full annual cycle of data gathering. The right of entry is for 45 days then Costco would define a tighter area to do their data gathering. The data gathering would be the FarmBeat system discussed at a previous meeting. This would be to get to the farm demonstration concept. The farm demonstration would be on the whole 511 acres and would have access to this parcel exclusively to choose the right areas. The data gathering would be looking at 200 acres and come back to the Board to get another permit for acres. Also opportunity cost for this TMK would be part of the 511 acres they choose, would be in negotiations with Costco. Full production would be 100 acres. Chair commented that because there are many micro climates in that area, it is going to require to do data collection to determine which area within the 511 acres would be most suitable.

Mr. Schenk moved to approve to issue a right of entry to Costco Warehouse; Ms. Hopkins seconded the motion.

Motion carried unanimously.

A short recess was called at 11:20.

N. Update of Waialeale

Mr. Low made the update on Waialeale. Also present was the Nick Comerford, Dean of the College of Tropical Agriculture and Human Resources and Kelvin Sewake, head of Extension.

Mr. Low gave a brief background of Waialeale which is a defunct livestock extension station on the North Shore and 430 acres. It has become overgrown with homeless because there is no activity. There is a Kuleana parcel that ADC has been in negotiation with UH and going for quiet title action. The UH is open to transfer of the parcel to ADC but is still being worked out with UH attorneys. We are building a framework of community outreach through the UH community design center to get feedback from the community before deciding what will happen on the parcel. It is zoned ag and has a lot of water resources so they are looking at aquaculture but before it needs to be flushed out. The transfer is in continued negotiation with the UH. The legal status is referred to the quiet title action on the Kuleana

parcel. The project management is working with the community to get a better understanding of what the ADC wants.

Mr. Kitagawa asked if ADC could divide the parcels. Ms. Kaichi replied they tried that approach in negotiations but was turned down. It was either take it all or nothing. UH wants to transfer soon but we cannot reach terms. The negotiation terms proposed to the UH was the community outreach portion, part of the cleanup and actual position of the property that go to our tenants which we do not know yet because we need to go through this process. These items occur before or simultaneous to transfer and because that could take so long, UH is not inclined to that. Her fear is if we take it without having people ready to go on the property it may become like Whitmore. She wondered how to do this transfer but not tax staff with any more than it is already.

Ms. Kaichi stated that the Board should give guidance to staff as we go through negotiations. If the Board is going to say that they are not willing to buy it as is, where is with all of its defects, take it today, then the Board should tell staff because then we would not waste our time. Mr. Nakatani clarified that we will not take it or leave it. What is being said is if the Board is not willing to take it then they should let staff know quickly because a lot of effort is being put in. Give staff guidance of what the Board likes and don't like so staff can move on. Ms. Kaichi reported on some of issues that are in negotiations: time before taking title to go through the vetting and application process to get tenants lined up to go on as soon as we take title, UH said no it would take too long. Trespassing is not an issue in the negotiation and ADC is not willing to take it until it is cleared one last time. Asked for title insurance, UH said no. Asked for a memorialization of the agreement through a contract or purchase of sale agreement, UH said no. Asked to run through escrow and all documents run through escrow, UH said the quick deed is ready to be signed and said no. Mr. Nakatani said there are some legislators that want to do this project but we need to get the other parties to come half way which he feels we can do.

Chair said these are the major points that have been raised and we have a decision to be made. If there are any other updates to be made, staff should come back to the Board. Mr. Nakatani stated that if the Board says it's okay to negotiation then we will put it on the table.

O. Executive Director's Reports and Updates.

1. Kalepa
2. Freckle-free papaya
3. Legislature

Mr. Nakatani reported on Kalepa and have pictures of Taiwan Gu's and Lin's Farm. Reported on the freckle-free papaya and showed pictures. Also provided a list of legislative bills that are being heard. At the next meeting, another report will be made on the bills that are still alive. He mentioned that the bill to audit ADC will probably pass and will happen. A testimony was provided to the legislators on ADC's budget and functions.

Chair asked the Land Committee members to move forward on the selection for tenants on the Galbraith ag lands.

Ms. Klutke stated that we are short staffed but do we have the ability to hire someone to do accounting work to collect rent and take care of accounts that are at arrears. Is there a way to short cut a system to hire an accountant to relieve the staff of this job? Mr. Nakatani stated that ADC has three positions that were requested and approved from the legislature and staff is working on the process to hire.

Approved at
March 27, 2019 meeting

Ms. Klutke commented that Senator Kouchi is trying to initiate the farm to table for the state hospital. They did a test on Kauai and received donations from farmers farming on ADC property. They are working on farm to table.

Meeting adjourned at 11:55 am.

Respectfully submitted,

Cindy Doi
secretary

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Minutes of the Board of Directors meeting of March 27, 2019
1849 Auiki Street, Honolulu, Hawaii 96819

Members:

Letitia Uyehara	Sandra Kato-Klutke
Yukio Kitagawa	Leilyn Koev
Denise Albano	Margarita Hopkins
Douglas Schenk	Kaleo Manuel, DLNR
Len Higashi, DBEDT	Phyllis Shimabukuro-Geiser, DOA

Absent:

Lloyd Haraguchi

Guests:

David Cho, State Senate	Dawn Huff, KIUC/Joule Group
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Staff:

James Nakatani
Myra Kaichi
Lynn Owan
Ken Nakamoto
Todd Low
Cindy Doi

Counsel:

Andrew Goff, Deputy Attorney General

A. Call to order.

Chairperson Uyehara called the meeting to order at 9:10.

B. Approval of Minutes from February 20, 2019.

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

Ms. Hopkins made a few corrections.

Mr. Nakatani commented on the minutes that Remedio Dabalez's comments were not noted. However his comments were noted on the minutes.

C. Request for approval to re-issue a revocable permit to Taiwan Gu and Hawaii Golden Farm LLC for 200 acres in Kalepa, Kauai, Tax Map Key (4)3-9-02-020.

Ms. Owan made the presentation and gave a background for a request to re-issue a RP to Taiwan Gu and Hawaii Golden Farm. On February 1, 2018, RP No. 1803 was issued to Taiwan Gu and Hawaii Golden Farm for Unit A-1, a 200-acre parcel. The RP was signed with the understanding that ten acres may be withdrawn from the permit and issued to GoFarm at a later date. Permittee also has a 35-year license for 68 acres in Unit C-1 in Kalepa, a section of which houses a packing and staging area. Units A-1 and C-1 area separated by a parcel under a license to another farmer. Permittee worked persistently to obtain an approved Conservation Plan for Unit A-1, has completed fencing of this parcel and overall has been a good tenant. Rent account is current. Permittee is interested in converting a long-term license at a later date. GoFarm has not currently expressed interest in farming on this parcel.

The recommendation is approval the re-issuance of a month-to-month RP No. 1803 with the following conditions: 1) continue the term on month-to-month; 2) continue the RP fee of \$100 per acre per year; 3) no subletting to be permitted without ADC's prior approval in writing.

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

Chair asked when would they come to the Board for a license. Mr. Nakatani replied they want a license and have made improvements so they have invested into the property. They will be coming back to the board to request a license.

Motion carried unanimously.

D. Request for approval of Sunrise Capital, Inc.'s request to develop a salt water well in a portion of Field 408, Kekaha, Kauai Tax Map Key (4)1-2-02-001.

Ms. Owan made the presentation for approval of Sunrise Capital Inc's request to develop a salt water well in a portion of Field 408, Kekaha, Kauai. Originally approved in 2009, Sunrise currently license 423.85 gross acres. They are in the process of planning to expand their operation and will provide the ADC with proposed development plans. The expansion includes the development of a salt water well that will replace one of two existing wells that serve its breeding facility. The proposed well will supply additional water and serve as a backup to provide water to the hatchery. The application for a well construction permit, to be filed with DLNR, Commission on Water Resource Management requires written permission from the landowner and can take up to 120 days to process. Sunrise is the owner of the well until the expiration or sooner termination of LI-K1001, at which time the ADC has the option to required Sunrise to cap the well at Sunrise's sole cost and expense.

The recommendation is the Board approve the request to construct a salt water well in the northeast corner of Field 408 subject to the following conditions: 1) prior to proceeding

with construction of the well, Sunrise shall inform the ADC of CWRM's approval of the well construction permit; 2) Sunrise shall submit the plans and drawings of the well to the ADC during the construction phase and as-built plans upon completion of the well; 3) prior to operating the well, Sunrise and the ADC shall memorialize an agreement whereby Sunrise is responsible for the operation, maintenance and liability of the well.

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

Ms. Klutke commented that the well is deteriorated and understands why they would like to replace this well.

Motion carried unanimously.

E. Request for approval to withdraw a portion of Field 123, from Beck's Superior Hybrids license in Kekaha, Kauai, Tax Map Key (4) 1-2-02-001 (por).

Ms. Owan made the presentation. In 2016, former tenant BASF Plant Science agreed to sell, assign, and transfer all of its right, title and interest in its license for land and its lease to Beck's Superior Hybrids. The assignment and transfer was approved by this Board on September 28, 2016. LI-K0801 covers a total of 977.25 tillable acres and 244.64 non-tillable acres. About twelve years ago, BASF planted mangoes on a 13.25 acre portion of Field 123 but when Beck's became the Licensee, they were not interested in maintaining it. In May 2017, Hawaii Labor Solutions applied to continue to grow the mangoes under a three-year sub-license with Beck's which was approved by the Board. As this portion of Field 123 is fairly rocky and not favorable for crop growing, Beck's does not have any future plans to utilize the acreage. They are willing to withdraw the parcel from their License so that HLS can apply to license it directly from the ADC.

The recommendation is that the Board approve the withdrawal of 13.25 acres of Field 123 from Beck's Superior Hybrids, Inc. LI-K0801.

Ms. Klutke moved to approve the recommendation; Ms. Koev seconded the motion.

Ms. Hopkins asked how much is charged for non-tillable acres. Ms. Owan replied \$1.00 per acre per year is charged but this acreage is for tillable.

Motion carried unanimously.

F. Request for approval to issue a license to Hawaii Labor Solutions, Inc. for a portion of Field 123 in Kekaha, Kauai, Tax Map Key (4) 1-2-02-001 (por).

Ms. Owan made the presentation. At its June 21, 2017 meeting, the Board approved the issuance of a 3-year sublicense under license LI-K0801, from Becks to Hawaii Labor Solutions for 13.25 acres in Field 123. HLS is a Hawaii corporation of providing contract labor, whose principal officer is Wallace Johnson. He was the president and chief executive officer of Far West Ag, and became one of ADC's first Kekaha land

licensees. Far West subsequently merged with BASF, which assigned and transferred all its interest to Beck's. With a long-term license, HLS is planning to improve irrigation and perform tree maintenance and fruit to produce off-season mangoes.

The recommendation is the issuance of a license to Hawaii Labor Solutions subject to the general terms and conditions of ADC's licenses in Kekaha, including but not limited to the following: 1) term of this sub-license shall be for thirty-five years; 2) rent at \$150/acre/year with rent reopening at the expiration of the ninth, nineteenth, and twenty-ninth years of the term; 3) payment of security deposit equal to two times the monthly rent; 4) payment of its pro-rata of the current Kekaha Agriculture Association fees; 5) payment of its share of all State and County taxes; 6) HLS shall not sub-license the whole or any portion of its premises without the prior written approval of the ADC Board.

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

Mr. Manuel corrected recommendation number 1, it should not be as a sub-license but a license.

Motion carried as amended.

G. Request to amend previous approval dated November 28, 2018 of issuance of land license and land lease to Kauai Island Utility Cooperative from 25 years to 35 years for 413.27 acres in Kekaha, Island of Kauai, Tax Map Key (4) 1-2-002-001 (por).

Ms. Kaichi commented that this item was approved November 28, 2018 and still needs to keep some things confidential because they are still in negotiation of the terms of the power purchase agreement. The negotiations are very close. One of the items that came up is the term of the land license. KIUC is requesting that instead of 25 years they move the initial term of the license to 35 years. The November request was for a 25-year license with a 25-year extension option which is 50 years. They are asking today for a 35-year third year extension so it takes it to 65 years. Its additional 10 years for the first term.

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

Ms. Hopkins asked on the \$450 an acre a year allocated between the ADC as lease rent and the KAA maintenance fee. What is the division that ADC and KAA would receive. Ms. Kaichi replied she was not sure yet and is between ADC and KAA. The discussion could start at \$150.

Ms. Klutke asked what happens to the equipment once it is no longer usable that is on ADC lands. Ms. Kaichi replied there is a standard language that says they need to remove their equipment and lands should be in the original status. Ms. Klutke asked if this opens up ADC to approve solar panels on our valuable ag lands. It worries her when we give 500 acres to one entity for solar panels in the middle of Kekaha. Ms. Shimabukuro-Geiser replied that she believes currently no solar panels can be on prime

ag lands. Ms. Huff replied these are B lands. When this was first discussed and went to KAA, these lands were lands that they can't use or don't want. KAA identified a corridor which is not useful for farming that they could work within. It would not be for all 413 acres but are still working on the design work and looking not to exceed the original estimate of 250 acres which it is not the final design. The panels are set apart so someone could farm in between the panels.

Ms. Klutke asked when would they start using the land. Ms. Huff replied if all permits goes well, construction would be in 2020 with two years of construction but no firm construction schedule yet. Ms. Klutke stated that without the approval and solar panels, the pump station cannot be operational. She asked why they didn't tell us how much acres would be needed when coming in for the approval of the pump station. Ms. Huff replied at the time they did not have the size of the solar project and contemplating if they wanted a dedicated solar or tie it into the KIUC grid and use the consistent solar or additional solar build out on the KIUC grid. Through further design work, they have determined that it's best to have a dedicated solar as opposed to tying directly into KIUC's grid. They were not ready and not sure on the direction they would go. Ideally they would have known at the time but they had not done enough engineering work.

Mr. Kitagawa asked how this project would help the community. Ms. Huff replied from an energy prospective, KIUC is constantly trying to get more electricity rates and hydro is the lowest cost of energy that they have right now. So to develop more hydro makes sense even at the beginning of the project it is cost competitive with the least cost of energy with solar mattering. This is one of the lowest cost of energy options. Eventually this would put downward pressure on rates especially after the loan is paid off. Right now it's existing hydro is between \$.05 and .06 so it is a big island benefit that will be owned by the members so it is an asset that the members own long term. The KIUC board often refers it to a legacy project.

Mr. Manuel commented that on the agenda it mentioned 35-year license but does not mentioned the 30-year extension option and there is no submittal.

Chair deferred this item until more clear information is given regarding the use of the land which questions have come up today.

H. Request to rescind approval dated April 27, 2016 to issue land licenses to Lay Vong Khamchanh and Yaeng Luangsiyoth for Galbraith small farmer's parcels at the Galbraith Agricultural lands in Wahiawa, Oahu, Tax Map Key (1) 7-1-01-02, Lots #1 and #2.

Mr. Nakamoto made the presentation. He reported that ADC has dedicated 10 small farm lots ranging in size from 6 to 82 acres to fulfill the County's request to provide farm land for small farm operators. On April 27, 2016, the Board approved the issuance of land licenses to the selected small farmers to farm on the Galbraith agricultural lands. To date, we have not heard back from Yaeng Luangsiyoth and Lay Vong Khamchanh. Three of the farmers have received notice to proceed and are farming. The others are still

pending because they have not completed one or more of the following: 1) register farm to do business in the State of Hawaii with the Department of Commerce and Consumer Affairs; 2) obtain a GET identification number from the Department of Taxation; 3) contact the Soil and Water Conservation District Office and complete a soil and water conservation plan for their designated lot; 4) and/or signed land license. Letters were certified mailed to the two farmers and the final letter sent warning that if we didn't hear back, the ADC would consider rescinding the approval. The ADC has provided ample time and opportunity to contact the ADC staff that they are still interested. To date, ADC didn't receive a response from either and for that reason would like to move on and re-open the respective lots to interested farmers.

The recommendation is to rescind the approved dated April 27, 2016 to issue land license to Lay Vong Khamchanh and Yaeng Luangsiyoth for Galbraith small famers' parcels at the Galbraith Agricultural Lands in Wahiawa, Oahu, TMK (1) 7-1-01-02, Lots #1 and 2.

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

Ms. Hopkins asked do they understand English and were the letters sent to them in their language. Mr. Nakamoto replied yes they understand English and has relatives that understand English. But have not sent letters in their own language.

Ms. Hopkins asked how long it takes for the soil conservation plan Mr. Nakamoto relied the soil conservation plan is solely dependent on the farmers but ADC did do a soil conservation plan for the whole area. For the individual lots, the farmer needs to either reach out to NRCS which will do it for free or pay a consultant to do a plan which cost between \$2-3,000. Some are waiting two to three years. Ms. Klutke said she understands because there is only one person on Kauai and most of the farmers do not speak English. We cannot get them to understand that this is a requirement.

Motion carried unanimously.

I. Update on Masterplan for development of the Whitmore project, Tax Map Key Nos. (1) 7-1-002-009 and 004, and the Tamura warehouse Tax Map Key No. (1) 7-4-012-016.

Mr. Nakamoto updated the master plan for the Whitmore project which the legislature provided funding. PBR was contracted to prepare an EA and posted our draft EA on the OEQC for public comment. We do not have funding to complete any construction or planning at this point. We are still in the design phase and still waiting.

Mr. Low updated the Tamura warehouse project, we completed work with University of Arkansas for the design center for proof concept. The budget was over that amount and was given to the University by the Legislature, so the Legislature is reworking the project and are hiring their own local architect for the design and come up with their own concept. University of Hawaii is looking to see their own needs and will come back with a new proposal.

Mr. Higashi commented we should work on how to maintain it moving forward and it is an important consideration long term.

The Board will be kept in the loop as it progresses.

J. Update on 147 acres of land situated in Mokuleia, Waiialua, island of Oahu set aside to the ADC in 2014. Tax Map Key Nos. (1) 6-9-001-002, 003, and 036,

Mr. Nakatani updated that we have not progressed very far. We did receive a request from the DOA that wants to take over this parcel. It is up to the Board if we would like to give it to DOA. We would come back to give the Board a recommendation. Mr. Nakamoto said this land was transferred from DLNR. Mr. Wauderbach who is a whole over is on the property with a RP who is raising fish. ADC tried to negotiate with him for a portion to license but he wanted the entire TMK. Therefore negotiations fell through and have kept him on a RP. Ms. Shimabukuro-Geiser said that DOA was asked to support the project because Mr. Wauderbach has a strong financial investor that is willing to partner with him. DOA staff expressed a willingness to help him if his parcel would come to the DOA. Ms. Kaichi said that it is odd that the tenant is the one who is driving this. If for any reason that this parcel does not go to DOA, then we would need to decide what we would do because we cannot come to an agreement with this tenant who refuses to sign a license on our terms. We can talk to the DOA if the board decides to transfer.

K. Update and findings from the Land Investigative Committee.

Mr. Nakamoto made the presentation. We are planning to solicit applications. At the last board meeting, the chair asked the land investigative committee to solicit farmers and rate land applications that we already received. They did meet but did not review applications. He provided a draft letter to potential applicants together with organizations, groups, government and agricultural groups. The letter will state the prerequisites and general terms and conditions. The deadline to submit applications to the ADC is June 30, 2019.

The recommendations are: changes to the application by adding language about the requirements, so applicants are aware of the preferred requirements for farming on State land. The information requested will show ADC how the applicants plan to run their businesses. Expanding the outreach and solicitation to other groups, organizations, and entities. The conclusion is ADC's land application process is a work in progress. ADC's goal is to develop a process to find the most qualified applicants and award land licenses based on merit. Small farmers vary greatly in terms of financial resources, farming experience, business acumen, and English language proficiency. Refining the request for application will inform interested applicants of its preferred qualifications, which will help ADC differentiate the best candidate from the rest of the field. At the next meeting we will make the final recommendations.

Chair asked if we would have some kind of process for an annual review to see how the farmer is doing. If the farmer is not in compliance, we should get them off the property and give someone else a chance. Mr. Nakamoto commented that right now there is no land or property manager on Oahu to go out and do inspections.

Mr. Kitagawa asked on the hiring of the new positions that are currently in the budget for ADC. Mr. Nakatani replied ADC has three positions and we are working with the DOA's Human Resources division. Ms. Shimabukuro-Geiser replied they are getting the information to establish the position descriptions for the new positions. The DOA has made the three positions as priority and are assisting ADC to get the recruitment going and finding qualified candidates. Ms. Kaichi commented that she will be sending the organizational chart to HR and once that is finalized, the letters to the governor will be sent. The account clerk position should be filled within the next six weeks. After that the property manager then asset manager will be worked on. The plan is hopefully to have the three positions advertised and conduct interviews and then make the selection. Ms. Shimabukuro-Geiser stated that it all depends on how quickly the paperwork can be done and advertised and if a candidate is found then hopefully in June someone could be on board. Ms. Kaichi stated that we are hoping but not to say that we can because there are a lot of things that are beyond their control.

Chair asked for an update at the next meeting on these three positions. Ms. Shimabukuro-Geiser said she asked DOA's Human Resources that these positions be priority and to expedite.

Short recess called at 11:20 am

Item N was taken up next.

N. Standing Committee – Update and Reports

- 1) Land development
 - a. site visit of the Waialeale Livestock Research station in Haleiwa, Oahu

Mr. Nakamoto made the presentation on the site visit. This meeting was a posted meeting with notes being taken that was given to the Board members. He said there was a good representation of people and had a good discussion. He also said the majority of people present were supportive of being transferred and used for agriculture, as opposed for it being subdivided for DHHL housing. Representative Sean Quinlan was present being a voice and taking responsibility saying he is willing to take the lead in this project and help with the community efforts. There was a plan to do a community sweep whereby campus security was going to go out with UH and HPD. The community wanted to know who gets the property and what will it be used for.

Mr. Low gave a short update on the property. There needs to be a large community outreach and framework. Received a proposal from UH Community Design Center and

they are looking at a year because they work with stakeholders which goes through many iterations of what could happen on the property. Then it goes to the public. Now there is pressure for the UH to do something or at least maintain the property. There is cost for that and they are not willing to do. They are talking directly to the administration of UH and there is pressure. Then it's up to us on how and when you want to take it and in what form would it come over if we do so.

Mr. Schenk stated it was a hot issue because of the turnout from the community. The use of the property is enhanced. He feels it would be a ten- or twenty-year effort to revitalize it to turn it around. If the UH would put in that kind of effort with involvement, and come back to ADC with some positive and encouraging plan instead of saying this is to take as is. The UH Community Design Center is the one we would be working with in conjunction with the University of Arkansas.

Ms. Kaichi said UH is waiting to hear from ADC. ADC said that we are not ready to accept the property as is and said that we are ready to pursue our own quiet title, concern with the kuleana parcel but could work with them. Their risk manager suggested maybe a lease for a portion of the property not the mauka parcel but start with the makai side but was told by the CFO that it was all or nothing. That is where it was left.

Mr. Kitagawa asked when this property would be transferred – it is not a given that we would transfer the property. He had a chance to talk to Rep Quinlan – it was something that he had a concern. These are the issues that need to be worked out. He is not convinced that ADC should take this property. He feels it would take millions of dollars to get rid of the structures.

Mr. Nakatani said we should put it in writing because more than the ADC is involved.

Chair asked what the next step is as far as board action. Mr. Nakatani said we should write to UH and send it back to them. We should not have to take it on ourselves. We should see what the problems are. There is an appropriation in this session of \$125,000 for a proposal plan for a year of work that include agriculture to the ADC. That is the proposal on paper to show as an initial step. Does the board want to take up this cost?

Chair questioned that if the funds come to ADC, then we have no say into the matter with regard that ADC must take this project and do the plan. Is there an assumption that we are very interested in taking it over therefore we want to do this component of the project which is to work with the community to come up with a solution. Mr. Nakatani replied this is an outreach plan to say this is the way to go. Ms. Kaichi stated that she could go back to the UH and say that we are still interested. If UH sells it because we were taking too long that is the risk that we take. But if we do get the appropriation then we will be asking UH for cooperation because we would like to do community outreach.

Mr. Schenk suggested that ADC's position be that we are interested only if the outreach is done by the UH. Mr. Manuel stated that if the legislature is going to appropriate funds to do community outreach and planning, sometimes you do not get to choose who gets it.

But if a planning firm is hired to come up with a master plan the benefit to the board would be that it would identify the appropriate land uses that the community and other stakeholders and at that time we would know whether ADC is suitable and the right agency to take on that position. We would not acquire that property unless it comes out that these are agricultural enterprises or opportunities for this board to acquire this property and at that point if it does not fit ADC and fits another organization or a portion of it then we can go back to the UH and say that we will only take a portion that fits within our mandate and the rest is given to another agency or entity.

There is no decision and will continue with due diligence.

L. Update on Ohana Best, LLC disposition for 160 acres, Tax Map Key No. (1) 7-1-001-005 (por) in Wahiawa, Oahu.

Mr. Kitagawa moved to go into executive session; Mr. Schenk seconded; motion carried unanimously.

Mr. Schenk moved to get out of executive session; Ms. Klutke seconded the motion.

M. Update on (1) Clean Water Act Federal Lawsuit, Na Kiai Kai, Surfrider Foundation and Pesticide Action Network North America vs State of Hawaii, ADC and DOH Civil No. 1:16-cv-00405-ACK-RLP and (2) Complaint Under Title VI of the Civil Rights Act of 1964, EPA File No. 45RNO-16-R9, both filed by EarthJustice.

Mr. Schenk moved to go into executive session; Ms. Klutke seconded the motion; motion carried unanimously.

Mr. Schenk moved to get out of executive session; Ms. Klutke seconded the motion.

O. Executive Director's Reports and Updates.

Mr. Nakatani reported on Kalepa lands. He reported that a site inspection was conducted by Sam Lee on the progress of ADC's ranchers and farmers. The over-all evaluation of the areas inspected was Fair-Good. Also bills being heard by the legislative was updated.

P. Adjourn.

Meeting adjourned at 12:55 pm.

Respectfully submitted,



Cindy Doi
secretary

AGRIBUSINESS DEVELOPMENT CORPORATION

Minutes of the Board of Directors Meeting of April 24, 2019
1849 Auiki Street, Honolulu, Hawaii 96819

Members:

Lloyd Haraguchi	Yukio Kitagawa
Sandra Klutke	Margarita Hopkins
Leilyn Koev	Denise Albano
Douglas Schenk	Kaleo Manuel, DLNR
Phyllis Shimabukuro-Geiser, DOA	

Absent:

Letitia Uyehara	DBEDT
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Guests: None

Staff:

James Nakatani
Myra Kaichi
Lynn Owan
Ken Nakamoto
Todd Low
Cindy Doi

Counsel:

Andrew Goff, Deputy Attorney General

A. Call to Order.

Lloyd Haraguchi, Vice-Chair called the meeting to order at 9:05 am.

Chair Uyehara is not present today. Her term as a member of ADC will be ending tomorrow. Mr. Haraguchi wanted to thank her for her leadership and hope to get together with her soon.

B. Approval of minutes from the March 27, 2019 meeting. – Deferred

C. Request to Adopt the Land Investigative Committee’s Recommendations for Developing a Solicitation to Interested Farmers.

Mr. Nakamoto made the presentation. The ADC is preparing to solicit applications from interested farmers to fill its vacant agricultural lands. The committee has been asked to help ADC develop its solicitation to interested farmers and review and rate land applications. The purpose of this meeting was to develop the contents necessary to an applicant in the request for application, a distribution strategy; and a deadline to receive applications. The committee met

with ADC staff to inquire about the solicitation process, application requirements and land development timeline to help attract and retain highly qualified farmers to increase local food production.

Some of the recommendations were: make certain changes to the application by adding language about the requirements. The information requested will show ADC how the applicants plan to run their businesses. Expand the outreach and solicitation to other groups, organizations and entities.

The conclusion is that ADC's land application process is a work in progress. Its goal is to develop a process to find the most qualified applicants and award land license based on merit. Refining the request for application will inform interested applicants of its preferred qualifications.

The recommendation is to adopt the Land Investigative Committee's recommendations for developing a solicitation to interested farmers. Also a draft letter was included on the submittal which will be sent to interested farmers and groups and organizations. The deadline for submitted applications is presently set at June 30, 2019.

Ms. Albano moved to move the recommendation; Ms. Klutke seconded the motion.

Ms. Klutke asked how many acres are available. Mr. Nakamoto replied at Galbraith there are about 10 to 88 acres available and has individual plots. There are a total of 12 plots of which 4 plots are available. At Whitmore there are about 120 usage acres out of 194 total. The rest is gulches and forest areas.

Ms. Hopkins asked on the Food Safety, is this for farm certification. Mr. Nakamoto replied we added bonus points for being food safety certified. It is not mandatory because there is no state law. Good farming practice is synonymous together with food safety. It's the same where the farmer would get bonus points for good farming practices.

Mr. Nakamoto mentioned that any incomplete application will be put on the side and looked at after all the applications are completed.

Motion carried unanimously.

D. Request for Approval to Issue a License to Dole Food Company Inc. for 22.8 acres of land in Waialua, Oahu.

Mr. Nakamoto asked that this item be deferred due to more information from Dole is needed.

Item deferred.

E. Request for Approval to Issue a Revocable Permit to Guardian Transport Services LLC for an uncovered open area located at 1001 California Avenue, Wahiawa, Oahu, Tax Map Key (1) 7-1-12-16.

Ms. Owan made the presentation. She gave a background on the Tamura Warehouse that was purchased in 2013 of B-2 zoned land. Guardian Transport Services (Guardian) is a trucking company certified to derive such vehicles as dump trucks, end dump trailers, flat rack trailers and tanker trailers on State highways. Guardian requests to park its trailers and dump trucks on an open area adjacent to the building along Plum Street while the vehicles are not in use. Ply boards will be kept under their vehicles to prevent any oil or grease from dripping onto the ground. Vehicles will not be washed on the premises.

The recommendation is to approve the issuance of a revocable permit to Guardian Transport Services at 1001 California Avenue, in Wahiawa subject to the following terms and conditions: 1) term of this RP shall be on a month-to-month basis; 2) base rent shall be \$100 per month; 3) all steps shall be taken to ensure that oil and grease do not drip on the ground at the subject premises; 4) no utilities are available to this site; 5) no subletting is to be permitted without ADC's prior approval in writing.

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

Mr. Kitagawa stated that the premises should be tended to of weeds and should be checked once in a while to make sure it is clean. Ms. Owan replied that staff will go out to check on the property once in a while. Mr. Kitagawa stated that he will also check the property. Mr. Nakatani said it is for a short term and to have someone there to have a presence is a good idea because of homelessness, illegal dumping and illegal parking.

Motion carried unanimously.

F. Request to Amend Previous Approval Dated February 20, 2019 to Issue a License to Kokee Farms for Land located at Kekaha, Kauai; identified as a Portion of Tax Map Key (4) 1-2-02-01.

Mr. Nakamoto made the presentation. He stated that this item was previously approved to Kokee Farms however they requested a few amendments before signing their license. There are a few improvements that need to occur before Kokee Farms can begin planting. They plan contemplating planting 5 acres of coffee and perennials, then 10 more acres per year. Because it will be at least three years until the first crops are ready for harvest and due to the many unpredictable factors within agriculture, Kokee Farms request that the payments be based on the actual planted and utilized land that will be updated on an annual basis and deferred for years 1 - 3 of the License.

The recommendation is to approve the issuance of a 35-year land license to Kokee Farms in Kekaha, Kauai subject to the following terms and conditions: 1) term of this license shall be for 35 years; 2) the annual fee is based on the rate of \$150 an acre; year 1-3 defer payment and Year 3-10 \$150 per acre (based on acres in production and utilized land); 3) annual rental shall re-open every 10th year of the term; 4) Licensee shall pay an annual maintenance fee to the Kekaha Agriculture Association that would cover water delivery rates, and other incidental,

administrative and infrastructure costs; 5) no sublicensing the whole or any portion of their premises without the prior written approval of the ADC Board.

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

Mr. Schenk asked if Kokee Farms would receive any consideration from KAA on their cost. Mr. Nakamoto replied KAA will be charging a fee but does not know if it will be the full fee.

Motion carried unanimously.

G. Request for Approval of Green Energy Team LLC's Request to Remove Basalt Rock from nit GE(m) Under LI-K1102, in Kalepa, Kauai, Tax Map Keys: (4) 3-9-01-02 and (4) 3-9-02-01.

Ms. Owan asked for deferred. Mr. Haraguchi asked that more information be given before coming back.

Mr. Kitagawa asked about the minimum acceptable level which was mentioned on one of the recommendations. What does that mean? Ms. Owan replied that we encountered problems with taking of soil in Kekaha by Waste Management where the ground level became too low so there was a concern and needed to stop that activity. We do not want to encounter that kind of problem. More information should be given to the board members regarding this.

Item deferred.

H. Request for Approval of Hanahanapuni Farm's Proposed Amendment to the Land Utilization plan for 287 acres of Unit L in Kalepa, Kauai, Tax Map Key (4) 3-9-02-01.

Ms. Owan made the presentation. She gave background that in July 2013 the Board approved the issuance of a 35-year license for 287 gross acres in Unit L to Ginger and Cholena Bray. The license was drafted, and the Brays requested to amend their application and change the name to Hanahanapuni Farm. The Board approved the amendment at its April 23, 2014 meeting. The applicant's plan is to use Unit L as not as a conventional crop farming. Their plan is to grow some diversified crops and raise some cattle and cultivate a Native Hawaiian plant nursery to be used for traditional purposes. When the property was first inspected in 2012, the premises was rated as good. In 2014, the Applicant embarked on an ambitious plan to expand the diversified ag activity. However they experienced setbacks and the crops could not be sustained. They recently purchased a tractor and will resume clearing the land. They will continue to cultivate native Hawaiian plants and transplant them in the valleys and pali. The applicant is working on its conservation plan in cooperation with the Kauai Soil and Water Conservation District. In conclusion, the Applicant has been a hold over on its revocable permit because they could not agree on the terms of the license and felt that there was a discrepancy in the untillable acreage. However, since their license was approved by the Board, they have been payment the license rate of \$30 per acre per year for 99 acres of pasture. We are now in agreement on the terms and conditions of the license. Their rent will be based on 71.51 acres of pasture at \$30 per acre per year and 12.21 acres of diversified ag at \$100 per acre per year. Their rent will increase from

\$247.50 per month to \$280.53 per month. The recommendation is to approve the amendment of the land license to Hanahanapuni Farm for 287 acres in Kalepa for diversified agriculture and pasture with the following condition. 1) license fee of \$30 per acre per year for 71.51 acres of pasture and \$100 per acre per year for 12.21 acres of diversified ag; 2) there are currently 213.28 acres of land characterized as non-tillable. As more non-tillable acreage becomes usable for diversified ag, the rent will increase accordingly.

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

Ms. Kaichi said we need to have a discussion on whether the plants to be grown would be Native Hawaiian plants. Should the different categories be for different costs? This will be revisited after it is approved.

Mr. Kitagawa said he was not comfortable that it is said that all the plants are not the same. As long as we use these terms, we need to know what the terms mean and to differentiate.

Ms. Kaichi stated maybe we ask for approval of this request but we put a provision with Hanahanapuni that they acknowledge that it is an issue with it being noncommercial crops that ADC wants to address further. We have a right to revisit this issue in the future and at that time they would need to abide by what this Board says of that type of crop be.

Amend the recommendation mentioned by staff. Which is replace Native Hawaiian plants to diversified. Moved into diversified value would change

Ms. Klutke wanted to see a plan of what Hanahanapuni Farms will use the land for and what will they plant. Now just say Native Hawaiian plants. Ms. Owan stated that Hanahanapuni Farms' utilization plan did list what types of plants they plan to grow. Some areas it was mention as Native Hawaiian plants and others they were specific.

Ms. Albano moved to amend the recommendation that as they change to Native Hawaiian plants to diversified that they will move their acreage to reflect on the value and rent; Ms. Klutke seconded the motion; motion carried unanimously.

Mr. Klutke moved to approve the recommendation; Ms. Albano seconded the motion; motion carried unanimously.

I. Election of officers for Chair and Vice Chair.

Ms. Koev moved to nominate Ms. Klutke as chair; Ms. Hopkins nominated Ms. Albano as chair.

Ms. Koev closed the nomination.

Ms. Klutke said she would be happy to be chair and has great respect for this Board and has many connections with the legislature. She enjoys what she is doing and working with the farmers. She keeps up to date with what is happening within the agricultural industry. She would do her very best to be an advocate.

Ms. Albano stated that she believes what ADC is doing and enjoyed her time here. She believes in the ADC mission and there is much work to be done.

Ms. Klutke was voted as the new chair.

Vice chair – Ms. Klutke nominated Mr. Haraguchi as vice chair.

Mr. Haraguchi voted as vice chair.

J. Executive Director's reports and Updates.

Mr. Nakatani reported that there were a couple of articles on agriculture. Warren Watanabe is the new board member replacing Letitita Uyehara.

Legislature – The bill to audit ADC was passed. New positions were added to ADC. The CIP budget needs to go to conference on Thursday. Hopefully it will be passed. Staff will send out a report on the legislature on the positions. DOA will be assisting on working on the position descriptions and the forms needed to establish the positions. DOA's Human Resources have set aside May 1-15 to help work on these positions.

Meeting adjourned at 11:30 am

Respectfully submitted,

Cindy Doi
secretary

AGRIBUSINESS DEVELOPMENT CORPORATION
Minutes of the Board of Directors meeting of June 12, 2019
99-941 Halawa Valley Street, Aiea, Hawaii 96701

Members:

Sandi Klutke	Yukio Kitagawa
Doug Schenk	Warren Watanabe
Kaleo Manuel	Phyllis Shimabukuro-Geiser
Lloyd Haraguchi	

Absent:

Denise Albano	Leilyn Koev
Margarita Hopkins	Mike McCartney, DBEDT

Guests:

Joshua Uyehara, KAA	Mike Faye, KAA
Steve Lupkes, Beck's	Blaise Boyle, Beck's
Peter & Priscilla Sy, Whitmore	

Staff:

James Nakatani
Myra Kaichi
Lynn Owan
Ken Nakamoto
Todd Low
Cindy Doi

Counsel:

Andrew Goff, Deputy Attorney General

A. Call to order

Chairperson Klutke called the meeting to order at 9:03 am.

Chair welcomed newest board member Warren Watanabe from Maui.

Chair also mentioned that this is Cindy Doi's last board meeting. She thanked her for her service and to enjoy her retirement. Also would like to take her and Tisha Uyehara to lunch one day.

B. Approval of minutes from the March 27, 2019 and April 24, 2019 meetings.

Mr. Schenk moved to approve the March 27, 2019 board minutes; Mr. Kitagawa seconded the motion; motion carried unanimously.

Mr. Schenk moved to approve the April 24, 2019 board minutes; Mr. Kitagawa seconded the motion; motion carried unanimously.

C. Approval to Issue a Revocable Permit to Peter and Priscilla Sy from home gardening in Whitmore, Oahu, Tax Map Key No. (1) 7-1-02-04 (por).

Mr. Nakamoto made the presentation to issue a revocable permit to Peter and Priscilla Sy for home gardening in Whitmore. He gave a brief background that Peter and Priscilla own and reside at Circle Mauka Place which abuts State land. The requested area is located between the Sy's home and a drive way used by ADC's tenant. The land consists of mostly guinea grass and fruit trees, and is being maintained by ADC's tenant and the Sys. They intend to plant vegetables and ornamental flowers and is not required to get a soil conservation plant. The ADC has no plans to use the land and does not impact ADC's tenant's plan to improve the driveway. Peter and Priscilla Sy were present.

The recommendation is to approve the issuance of a revocable permit to Peter and Priscilla Sy for land in Whitmore subject to the following terms and conditions: 1) the term of this revocable permit shall be on a month-to-month basis; 2) base rent shall be \$.05 per square foot and 3) no subletting to be permitted without ADC's prior approval in writing.

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

Mr. Schenk suggested that all the rps be handled by the administratively instead of it coming to the board one by one. The board has already approved the concept. If the resident wants to garden on a non commercial basis, this would save the board from having to each resident come before the board. Maybe we could put it on the agenda at the next meeting. Mr. Nakamoto stated that under the director's report a report will be given on the process of what the intension would be.

Peter Sy made a few comments. The property is four feet from their boundary which he is cutting the grass. He wants to plant some flowers and vegetables on this piece of land. They are not part of the non profit that is being coordinated.

Mr. Manuel asked if insurance is required on individuals. Mr. Nakamoto replied we are intending for the homeowner include it on their own policy.

Motion carried unanimously.

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

Mr. Nakamoto made the presentation to approve tore-issue a Revocable Permit to Andros Engineering Corporation (AEC) for office space in Whitmore. Andros Engineering has been renting office space located in Building E since 2017. AEC is a world supplier of specialized agricultural equipment that has three operating groups. AEC also occupies a

covered parking shed in Whitmore where they store equipment. Permittee has been a good tenant and payment of rent has been made in a timely manner. The conclusion is that ADC plans to redevelop the area, which may include the removal of the parking shed. ADC proposes to allow the Permittee to continue using the land for its operation on a month-to-month basis until such redevelopment ensues.

The recommendation is to approve the reissuance of a revocable permit to Andros Engineering Corporation in Whitmore subject to the following terms and conditions: 1) term of this revocable permit 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. Schenk moved to approve the recommendations; Mr. Watanabe seconded the motion.

Motion carried unanimously.

E. Approval to Re-issue a Revocable Permit to Andros Engineering Corporation for a covered parking area in Whitmore, Oahu, Tax Map Key (1) 7-1-02-04 (por).

Mr. Nakamoto made the presentation to re0issue a revocable permit to Andros Engineering for a covered parking area in Whitmore. Andros has been renting a parking shed in Whitmore since 2016. The ADC plans to redevelop the area, which may include the removal of the parking shed. ADC proposes to allow the Permittee to continue using of the land for its operation on a month to month basis until such redevelopment ensues.

The recommendation is to approve the reissuance of a revocable permit to Andros Engineering for parking area in Whitmore, subject to the following terms and conditions: 1) term of this revocable permit shall be on a month-to-month basis; 2) base rent shall be \$880 per month; 3) Permittee shall pay its share of utilities; 4) Permittee may apply for rent credits; and 5) no subletting to be permitted without ADC's prior approval in writing.

Mr. Schenk moved to approve the recommendations; Ms. Shimabukuro-Geiser seconded the motion.

Mr. Schenk asked how the rent of \$880 was determined. Mr. Nakamoto replied ADC did their own appraisal and the closes we could find was Waialua sugar mill which was comparable.

Motion carried unanimously.

F. Request to Re-issue a Revocable Permit to Davey Tree Expert Company for parking area in Whitmore, Oahu, Tax Map Key (1) 7-02-04 (por) & (1) 7-1-02-09 (por).

Mr. Nakamoto made the presentation to re-issue a revocable permit to Davey Tree Expert for parking area in Whitmore. Davey Tree has been renting office space, a covered

parking she, and 10,000 square feet parking area in Whitmore since 2016. Permittee is a tree trimming and landscaping company based in Ohio. They are currently using the space to store equipment and vehicles. The ADC plans to redevelop the area, which may include the use of the 10,000 square feet parking area and the removal of the office space and parking shed. ADC proposes to allow the Permittee to continue using the land for its operation on a month to month basis until such redevelopment ensures.

The recommendation is to approve the reissuance of a revocable permit to Davey Tree Expert Company for parking area in Whitmore subject to the following terms and conditions: 1) term of this revocable permit shall be on a month-to-month basis; base rent shall be \$1,634.40 per month; 3) Permittee shall pay its share of utilities and; 4) No subletting to be permitted without ADC's prior approval in writing.

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

G. Request to Re-issue a Revocable Permit to Royal Palm Group/Construction and Landscaping, for nursery purposes in Whitmore, Oahu, Tax Map Key (1) 7-1-02-09 (por).

Mr. Nakamoto made the presentation to re-issue a revocable permit to Royal Palm Group/Construction and Landscaping for nursery purposes in Whitmore. Royal Palm Group has been renting 4 acres of land in Whitmore since 2010. The Permittee has been a good tenant over the years and initially cleared the four acres of land where the nursery sits today. The land is currently used as a plant nursery and to store equipment. The ADC plans to redevelop the area, which includes the 4 acres. The ADC proposes to allow the Permittee to continue using of land for nursery purposes on a month to month basis until the redevelopment ensures.

The recommendation is to approve the reissuance of a revocable permit to the Royal Palm Group for 4 acres in Whitmore, subject to the following terms and conditions: 1) term of this revocable permit shall be on a month-to-month basis; 2) base rent shall be \$1,600 per year; 3) no subletting to be permitted without ADC's prior approval in writing.

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

Ms. Shimabukuro-Geiser asked about the rent and it being less than the others earlier. Mr. Nakamoto replied the rent was the same as what Dole was charging which is a carry over and have not increased the rent.

Mr. Kitagawa asked on how many lots are in the Whitmore area and are they well utilized. Mr. Nakamoto replied only WCBDO is an open area and overgrown. Most of the buildings are occupied as far as the warehouses. ADC will be taking over the WCBDO space so there is more presents in Whitmore. Mr. Nakamoto will be there may

be two or three times a week. Also WEDG has the other office space. Andros has the old credit union area and Dole leases the rest of the area. Mr. Nakatani said they are also looking to have an outreach person in Whitmore.

Motion carried unanimously.

H. Request for Approval of Beck's Superior Hybrids' Request to Recharacterize 247.24 acres and add 199.84 acres more or less, under License No LI-K801 in Kekaha, Kauai, Tax Map Key No. (4) 1-2-02-001 (por).

Ms. Owan made the presentation for approval of Beck's Superior Hybrids to recharacterize 247.24 acres and add 199.84 acres under License No. LI-K0801 in Kekaha. She gave a background that in 2016, BASF agreed to sell, assign, and transfer all its right, title and interest in its ADC license for agricultural land and its ADC lease for a storage/office building in Kekaha to Beck's Superior Hybrids. The assignment and transfer were approved by this Board at its meeting on September 28, 2016. At the ADC Board meeting on March 27, 2019, approved the withdrawal of a 13.25 acres to be licensed to another applicant. In 2008, when BASF Plant Science, Beck's predecessor was issued License LI-K0801, Field 121 was split with Syngenta. LI-K0801 listed BASF's share of Field 121 as 64.68 acres and L-08202 listed Syngenta's share as 53.22 acres. It was discovered recently that the portions are switched. Therefore LI-K0801 needs to deduct 11.46 from its acreage.

The recommendation is to approve the recharacterization of 247.24 acres from tillable to non-tillable. Approve the addition of 199.84 tillable acres. Approve deducting 11.46 tillable acres from Field 121 to reconcile the erroneous record. The following terms and conditions are: 1) License shall terminate on March 31, 2028 (no change); 2) rental rate shall remain unchanged at \$150 per acre per year for tillable acreage and \$1 per acre per year for non-tillable acreage; 3) shall pay its share of the annual maintenance fee to the Kekaha Agriculture Association; 4) all other terms and conditions shall remain unchanged.

Ms. Shimabukuro-Geiser moved to approve the recommendations; Mr. Watanabe seconded the motion.

Mr. Kitagawa asked what is the land being used for community service. Is Beck's growing the crops. Steve Lupkes replied it is for small acres that are done for fundraising. Beck's is not growing the crops for market and donating to organizations for community service. He explained that Beck's has been growing and they want to increase their presence on Kauai. There were a number of fields adjacent to their fields that they would like to fill their capabilities and asks to add those fields. At the same time, there were some fields that they would like to return. He asked if they had any obligation to keep up this non tillable land and if there was an opportunity comes up to use the land, do they have to go through sublicensing process or lease directly from ADC. The reply was yes.

Motion carried unanimously.

5-minute break taken at 10:10 am.

I. Approval of Green Energy Team LLC's Request to Remove Basalt Rock from Unit GE(m) under License No. LI-K1102, in Kalepa, Kauai, Tax Map Key No. (4) 3-9-01-02 and (4) 3-9-02-01.

Ms. Owan made the presentation for approval of Green Energy Team's request to remove basalt rock from Unit GE(m), under License No. LI-K1102 in Kalepa. She gave a brief background that in 2008 the RP holders agreed to withdraw and transfer to Green Energy a total of 1,000 acres which was comprised of portions of fourteen RP parcels. The applicant's RP was converted to a 22-year license in May 2011. Historically, Lihue Plantation and AMFAC used to remove basalt rock from rock pits in various fields to build infield roads in Kalepa. Two such rock pits known as a "45 Rock Pit" exist in Applicant's unit GE(m). Applicant requests to remove basalt rock from "45 Rock Pit" for the remainder of the term of LI-K1102. The estimate would be to remove approximately 1,500 tons of rock per year. The rock will be used to repair roads that Applicant uses on lands that are owned by Grove Farm and Knudsen as well as on ADC land. Applicant states that they will not sell the rock/crushed rock. Applicant will perform an Environmental Assessment and if applicable, apply for a National Pollutant Discharge Elimination System permit, along with complying with all Federal, State and County laws or ordinances, rules and regulations that pertain to this activity. Under a license between ADC and Pohaku O'Kauai the charge for rock is \$5.00 per ton - \$2.50 per ton for the ADC and \$2.50 per ton for the Kekaha Agriculture Association.

The recommendation is that the Board approve Green Energy Team LLC's request to remove basalt rock from Unit GE(m) under License LI-K1102 subject to the following conditions: 1) ADC execute a license that allows Applicant to remove no more than 1,500 tons of basalt rock per year from Unit GE(m), conditioned upon complying with allocable Federal State and County laws, ordinances, rules and regulations; 2) removal of rock may continue for the remainder of the term of License LI-K1102 provided the terms of applicable permits and licenses are being adhered to; 3) Applicant shall notify the Coalition and the ADC of scheduled rock removal at least two weeks in advance; 4) Applicant shall not be allowed to sell the basalt rock or crushed rock; 5) ADC's standard commercial liability and indemnification clauses shall apply to this revocable permit; and 6) Upon termination of the revocable permit, Applicant shall grade the premises to conform to and blend with the surrounding land elevation, if requested by the ADC.

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

Ms. Shimabukuro-Geiser said she meet with ranchers and they said the trailers that Green Energy operate erodes the roads so when the cattle trailers goes over sometimes it unhook what they are hauling. Is this project of repairing the roads is something that would be addressed. Ms. Owan replied she's sure it would be one of the things to be

addressed. Mr. Nakatani said that Green Energy has done a great job maintaining the roads and cutting down trees.

Mr. Manuel asked on the tonnage of rocks. We are approved 1500 tons and not 15000 tons. The amount is incorrect on the submittal. It should be \$7,500.

Mr. Manuel asked if we could make sure that they perform an environmental assessment subject to issuing their license. The reply was yes.

Motion carried unanimously.

J. Update on Farm to State, Farm to School and Farm to Table Initiatives.

Ms. Shimaburkuro-Geiser made an update on the “Farm To” program and what the farmers want and need to get into the program. They are trying to get a coordinated effort on how to assess the needs of the various agencies and the state who want to buy local/fresh produce and to identify farmers who are interested on what the requirements are to participate, the needs of the farmers to the point of doing business with the state food service industry. The department has received two coordinated positions for the program from the legislature but received funding for only one. They held interviews and gave a conditional offer and that person had a change of heart and decided to decline the position. They are scheduled to interview for both positions the last week of June. Hopefully they would be able to find two coordinators.

Chair said she has been working with Senator Kouchi and have meet with hospitals, prison, schools and culinary training through the union to try to get them certified. They have meet with DOE, DOA to see what they want to grow and supply. They would need to have a Coop to get the small farmers together in order to fill the needs of DOE. She did get a list from DOE on what they are buying from the big producers. She passed out the brochure printed by Kauai hospitals on what they are doing. Now they are working on how they will be working on small sectors both at the state hospitals and schools system to provide something by August. Also Beck’s has already contacted Kauai Veterans hospital who is planting vegetables. They are moving forward on Kauai. And the next plan is to move forward on Maui. This is a work in progress and would like more of our farmers that are ADAC land to participate in the program. More will be reported at the next meeting.

K. Update on (1) Clean Water Act Federal Lawsuit, Na Kiai Kai, Surfrider Foundation and Pesticide Action Network North American vs State of Hawaii, Agribusiness Development Corporation and Department of Health, Civil No. 1:16-cv-00405-ADCK-RLP and (2) Compliant Under Title VI of the Civil Rights Act of 1964, EPA File No. 45RNO-16-R9, both filed by EarthJustice.

Mr. Schenk moved to go into executive session; Mr. Watanabe seconded the motion. The vote was unanimous in favor.

L. Executive Director's Reports and Updates

1. Galbraith
2. Whitmore
3. Legislative update
4. ADC community outreach activities

Mr. Nakatani gave an update on all the items. Galbraith production had a record harvest. For Whitmore, letter were sent to residence regarding the use of the land for gardening. The ADC staff is currently working with the residents to complete the land application and yard plans. The deadline to submit land application for the permits is July 12, 2019. Legislative Bills for 2019 – funds were given for agricultural lands on Oahu; repair and strengthen the bridge and supporting structure for Christian Crossing Bridge in Kalepa, Kauai. Also reported some of the meetings attended regarding the Community Outreach Activities.

Mr. Kitagawa wants to make sure that the county is mentioned because they did put in some funds to purchase the lands. He asked what the intent of the community meetings. Jimmy replied the community asked to communicate with them. Just items that outreach with the community. Probably would have more meetings that he will attend. Kaleo sits on the Wahiawa neighborhood board representing the governor and ADC does come up.

Mr. Schenk moved to adjourn; Mr. Watanabe seconded the motion.

Meeting adjourned at 11:50 am

Respectfully submitted,

Cindy Doi
secretary

AGRIBUSINESS DEVELOPMENT CORPORATION
Minutes of the Board of Directors meeting on July 31, 2019
1849 Auiki Street, Honolulu, Hawaii 96819

Members:

Sandra Kato-Klutke	Yukio Kitagawa
Douglas Schenk	Warren Watanabe
Leilyn Koev	Denise Albano
Randall Tanaka	Phyllis Shimabukuro-Geiser
Kaleo Manuel	

Absent:

Lloyd Haraguchi	Margarita Hopkins
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Guests:

Jazmine Corpuz, Founder of ROOTED
Elaine Ringor, ROOTED

Staff:

James Nakatani
Myra Kaichi
Lynn Owan
Ken Nakamoto
Todd Low
Marites Dagdagan

Counsel:

Andrew Goff, Deputy Attorney General

A. Call to order.

Chairperson Kato-Klutke called the meeting to order at 9:03 a.m.

Chair introduced and thanked Marites (Tess) Dagdagan as the interim/temporary secretary.

Chair welcome Randall Tanaka, one of the Board of Directors from DBEDT.

Chair allowed item I on the agenda to be heard out of order.

I. Update on ROOTED: Kekahi Me Ka 'Aina's communication regarding private lands abutting ADC Whitmore agricultural property. Tax Map Key (1) 7-1-02-04 (por).

Mr. Ken Nakamoto made the presentation. He disclosed that the area being sought is currently unspecified. The land was acquired by ADC in 2015. DHHL 30% entitlement

is not an issue. Character of use is gardening and sustenance. Lease term is unspecified. Base rental is unspecified.

Background: On December 12, 2018, the ADC Board approved the issuance of revocable permits to the residents whose property abuts state property in Whitmore, up to 3,000 square feet of land for the purpose of home gardening and self-sustenance. Some residents would prefer that the land be managed by the community as opposed to ADC. Despite it not being part of ADC's mission, the ADC Board informed the residents that it would consider and is open to having a discussion with the residents about their plans to establish and manage a community garden that the whole community could enjoy. On June 21, 2019, the ADC received a communication from ROOTED: Kekahi Me Ka Aina, a local non-profit organization based in Whitmore Village, regarding private land abutting ADC's Whitmore agricultural property. ROOTED informed ADC that it is ready and willing to start the process of working toward a long-term solution. However, it is not clear as to what their solution entails. ROOTED is proposing that ADC grant an allotted acreage of land around Whitmore as a voluntary cultural easement and community buffer zone and the parties enter into an agreement to conserve the cultural resources and work together as well as ensure the safety of the community. ROOTED's land request is unknown. No operational plan was provided. The biggest issue would be the management plan that we'd like to present to the Board for consideration; however, the details of such management plan is still unknown. Whether we require a conservation plan will depend upon whether there's going to be extensive agricultural activity. Mr. Nakamoto stated that ADC is still speculating on the details, and therefore will not go into too much detail. His conclusion is that ROOTED discussed a different type of proposal from what was discussed in 2018 and therefore envisioned, which involved a community-managed cultural garden. Based on the current ROOTED correspondence, the ADC believes there is insufficient information to recommend any action on this item at this time. For these reasons, we are asking that the Board allow ROOTED: Kekahi Me Ka Aina additional time to provide more information to enable staff to develop a recommendation to the Board.

Chair Kato-Klutke spoke to ROOTED, advising them to take some time to really consider what it wants for its community and how it wants it run. "This is your chance to tell us how you want it done, how you want your whole area to look, who's going to maintain it, who's going to be following up on all these sectors. You want to make sure it's nice and clean and don't want someone doing something you don't want them to do. It's a lot of work, dedication, but if you can come up with a proposal that we can work with that would be sufficient."

Ms. Corpuz, representing ROOTED, thanked the Board for the invitation, and for having them, and allowing them to communicate with them. Some of the land is inaccessible, some are accessible. They are working on how to fit the inaccessible land and accessible land in their proposal. They've been communicating with Ken. It's a little hard to do on our own as they don't really know what ADC has planned for the land and what ADC wants to see. They have some numbers out that are drafted but based only on one section

of land. Other sections will be worked on by phases. Ms. Corpuz inquired whether it would be ok to work on phases or does it have to be a whole broad community.

Mr. Nakamoto advised the board that we were under the impression that ROOTED would want to manage that whole area. Ms. Corpuz explained that they left it broad for a reason. For one thing, they would have to see the land. They've seen the land that's been approved for permit. As ADC moves forward with the different parcels around the community, they would like to move forward also. Ms. Corpuz again asked again if it ok for the proposal to be just the specific site that we're talking about as of right now and as we move forward, we can move forward also. Chair Kato-Klutke replied that the board would have a discussion on that, and we'll get back to them.

Ms. Corpuz also mentioned the deadline, to which Chair Kato-Klutke responded that the board can be flexible with the deadline and directed Ms. Corpuz to communicate the deadline with Ken.

Ms. Elaine Ringor from Whitmore Village gave the board a brief background of her family and their ties to Whitmore. They've been taking care of their land and they teach their children to take care of their land. The reason why Ms. Ringor does not want a permit is why do I need a permit to take care of our land and yours. Her ancestors have been taking care of our land and why we can't continue to do so. They are only having problems now is because of the homeless. Chair Kato-Klutke advised Ms. Ringor that Mr. Nakamoto will work with Ms. Ringor and the residents, but informed Ms. Ringor that, legally, she must provide documentation that the ADC land is your land to use. Ms. Ringor agreed and acknowledged the advice. Chair Kato-Klutke thanked ROOTED for coming in and meeting with the Board.

Mr. Kitagawa asked ROOTED how they were communicating with the Community Association. Ms. Corpuz replied that they have been communicating with Nestor who's the President of Whitmore Community Association and have been in close contact with the neighborhood board.

Ms. Albano inquired of Ms. Corpuz how ROOTED is working with those who want to apply for a permit, and whether there is any overlap between ROOTED and the residents. Ms. Corpuz explained that the permit has caused some confusion between what ROOTED is trying to do and what the homeowners are doing. Some just want to make sure no one's trespassing behind their houses. If they want to do that, we cannot control peoples' decision in our community. If they want a permit for their own private use, then that's their kuleana.

Circle Mauka Place-top of the Exhibit A on the map. That's the land that abuts private property land is accessible and land that is flat behind our houses w/ gulch so there is something planted behind those properties in which legally right now the leaser has the permission to come all the up to property line if they wanted to. Those are the areas that are very accessible behind private properties.

Mr. Manuel asked if there are any current ADC tenants on these lands: Mr. Nakamoto responded that there are 57 usable acres out of 257 acres.

Ms. Corpuz also mentioned that ROOTED would like a functional buffer zone. Chair Kato-Klutke deferred the issue pending submission of ROOTED's proposal to the board.

C. Approval to Issue a Revocable Permit to Calvin Komata for home gardening in Whitmore, Oahu; Tax Map Key (1) 7-1-02-04 (por), area 3,000 square feet.

Mr. Nakamoto made the presentation. Mr. Komata owns and resides on Circle Mauka Street abutting State land in Whitmore, Oahu. He is seeking access to the State land to maintain a fire break between his property and the natural area. The requested area is located between his home and a ravine owned by ADC. The land, which consists of mostly grass and fruit trees, is currently being maintained by him. He intends to conduct maintenance of the land to maintain a fire break. No gardening is planned at this time, however, there are a few existing fruit trees (guava and lychee tree). Conservation plan requirements do not apply. The ADC has no plans to use the requested area and this use does not impact the neighbors, ADC, or its tenants.

(Before proceeding further, Mr. Nakamoto clarified that the rent for these Whitmore residents' revocable permits are based upon square footage per year, not per month as presented last month during the presentation of Mr. Sy's revocable permit recommendation.)

Staff recommends the approval of the issuance of a revocable permit to Mr. Komata for land in Whitmore subject to the following terms and conditions: 1) the term of this revocable permit shall be on a month-to-month basis; 2) base rent shall be \$0.05 per square foot per year; and 3) No subletting to be permitted without ADC's prior approval in writing.

Mr. Tanaka inquired about what sets the price point of \$0.05 per acre per year. Mr. Nakamoto provided some actual rates, such as \$0.10 for a dilapidated truck shed, \$0.10-0.20 for open areas in Waiialua area. The lands behind the Whitmore homes have no commercial value to ADC, they are in a ravine, and there's a drainage ditch that goes around the homes.

Mr. Tanaka also asked whether the applicants will be required to carry some type of insurance. Mr. Nakamoto confirmed that the permitted area must be covered under the applicant's homeowner's insurance.

Mr. Tanaka asked who inspects these areas. Mr. Nakamoto responded that he has been inspecting the area, and that so far, he has observed no illegal activities in this area. Ms. Koev ~~Chair Kato-Klutke~~ moved to approve the recommendations; Board Member Albano seconded the motion.

The motion carried unanimously.

D. Approval to Issue a Revocable Permit to Gary Motoshige for home gardening in Whitmore, Oahu; Tax Map Key (1) 7-1-02-04 (por), area 3,000 square feet.

Mr. Nakamoto made the presentation. Mr. Motoshige own and reside on Circle Mauka Street abutting State land in Whitmore, Oahu. He is seeking access to the State land to maintain a fire break between his property and the natural area. The requested area is located between Mr. Motoshige's home and a ravine owned by ADC. The land, which consists of mostly grass and a few trees, has been maintained by Mr. Motoshige since 1970. He does not intend to use the land for gardening. The ADC has no plans to use the requested land and this use does not impact the neighbors, ADC, or its tenants.

Staff recommends the approval of the issuance of a revocable permit to Mr. Motoshige for land in Whitmore subject to the following terms and conditions: 1) the term of this revocable permit shall be on a month-to-month basis; 2) base rent shall be \$0.05 per square foot per year; and 3) No subletting to be permitted without ADC's prior approval in writing.

Ms. Koev

~~Chair Kato-Klutke~~ moved to approve the recommendations; Board Member Albano seconded the motion.

The motion carried unanimously.

E. Approval to Issue a Revocable Permit to Jacob & Kristen de la Torre for home gardening in Whitmore, Oahu; Tax Map Key (1) 7-1-02-04 (por), 3,000 square feet.

Mr. Nakamoto made the presentation. Mr. & Mrs. de la Torre own and reside on Circle Mauka Street abutting State land in Whitmore, Oahu. They are seeking to use the State land for home gardening to preserve and care for the existing plants and fruit trees. The requested area is located between the de la Torres' home and a ravine owned by ADC. The land, which consists of mostly fruit trees, are currently being maintained by the de la Torres. The ADC has no plans to use the requested land and this use does not impact their neighbors, ADC, or its tenants.

Staff recommends the approval of the issuance of a revocable permit to Mr. & Mrs. de la Torre for land in Whitmore subject to the following terms and conditions: 1) the term of this revocable permit shall be on a month-to-month basis; 2) base rent shall be \$0.05 per square foot per year; and 3) No subletting to be permitted without ADC's prior approval in writing.

Ms. Koev

~~Chair Kato-Klutke~~ moved to approve the recommendations; Board Member Tanaka seconded the motion.

The motion carried unanimously.

F. Approval to Issue a Revocable Permit to Toshiko Shinsato for home gardening in Whitmore, Oahu; Tax Map Key (1) 7-1-02-04 (por), 3,000 square feet.

Mr. Nakamoto made the presentation. Mrs. Shinsato owns and resides on Circle Mauka Street abutting State land in Whitmore, Oahu. She is seeking to use the State land for gardening. The requested area is located between her home and a ravine owned by ADC. The land, which consists of mostly potted plants and fruit trees, are currently being maintained by Mrs. Shinsato and her family. , The ADC has no plans to use the requested land and this use does not impact their neighbors, ADC, or its tenants.

Staff recommends to the approval of the issuance of a revocable permit to Mrs. Shinsato for land in Whitmore subject to the following terms and conditions: 1) the term of this revocable permit shall be on a month-to-month basis; 2) base rent shall be \$0.05 per square foot per year; and 3) No subletting to be permitted without ADC's prior approval in writing.

Ms. Koev

~~Chair Kato-Klutke~~/moved to approve the recommendations; Board Member Albano seconded the motion.

The motion carried unanimously.

G. Approval to Issue a Revocable Permit to Willard E. Harmon for home gardening in Whitmore, Oahu; Tax Map Key (1) 7-1-02-04 (por), 2,900 square feet.

Mr. Nakamoto made the presentation. Mr. Harmon owns and resides on Circle Mauka Street abutting State land in Whitmore, Oahu. He is seeking access to the State land to maintain a fire break between his property and the natural area, and to prevent trespassers. The requested area is located between his home and a ravine owned by ADC. The land, which consists of mostly grass and trees, are currently being maintained by Mr. Harmon and his family. The ADC has no plans to use the requested land and this use does not impact their neighbors, ADC, or its tenants.

The recommendation is to approve the issuance of a revocable permit to Mr. Harmon for land in Whitmore subject to the following terms and conditions: 1) the term of this revocable permit shall be on a month-to-month basis; 2) base rent shall be \$0.05 per square foot per year; and 3) No subletting to be permitted without ADC's prior approval in writing.

Mr. Kitagawa

Mr. Tanaka moved to approve the recommendations; ~~Mr. Tanaka~~/seconded the motion.

The motion carried unanimously.

H. Approval to Issue a Revocable Permit to Maranatha Christian Church for home gardening in Whitmore, Oahu; Tax Map Key (1) 7-1-02-04 (por), 2,555 square feet.

Mr. Nakamoto made the presentation. The Church owns the residence located on Circle Mauka Street abutting State land in Whitmore, Oahu. The Church is seeking access to the State land to store a 20' shipping container that the Church uses for storage. The requested area is located between the Church's residence and a ravine owned by ADC. The land, which consists of mostly grass and a few trees, are currently being maintained by the Church members. The Church intends to use the land to store a shipping container and maintain the land. The ADC has no plans to use the requested land and this use does not impact their neighbors, ADC, or its tenants.

Currently have shipping container half way through our property and half on theirs. Because it's temporary, so it can be moved if we wanted them to and if we didn't approve it, they can move it. Because it's not a permanent structure, we will allow it. They also want a barrier, fence it, to keep people from coming in their yard, as it's a heavy traffic area.

Staff recommends the approval of the issuance of a revocable permit to the church for land in Whitmore subject to the following terms and conditions: 1) the term of this revocable permit shall be on a month-to-month basis; 2) base rent shall be \$0.05 per square foot per year; and 3) No subletting to be permitted without ADC's prior approval in writing.

Chair Kato-Klutke asked Mr. Nakamoto whether he checked the container and he affirmed that he did, and that the contents were church materials. No one is living in there. It shows in our Alta survey.

Board Member Tanaka moved to approve the recommendations; Board Member Shimabukuro-Geiser seconded the motion.

The motion carried unanimously.

J. Update of Findings of Land Investigative Committee.

Mr. Nakamoto made the presentation. Prior to Chair Kato-Klutke becoming Chair, our prior Chair assigned the Land Investigative Committee, which is comprised of Doug Schenk, Lloyd Haraguchi, and Yukio Kitagawa, to revamp our land application. We have advertised some areas of land for disposition and the Committee reviewed the land application and rating sheets, and reviewed the land applications that came in. We put out an advertisement in April for the Galbraith land and some of the land in Whitmore that are clear or in the process of being cleared. ADC received 21 land applications; the Committee is currently reviewing these applications. Next steps will be to set up farm visits of the applicants that stood out for inspection purposes, after which we will come back to this Board with recommendation from the Land Investigative Committee of possible selections for the area.

Chair Kato-Klutke inquired whether the land requests are only on Oahu or whether they also include lands on Kauai. Mr. Nakamoto responded that the Chair can decide whether to direct the Committee to investigate areas other than Oahu. Currently, we did not advertise any request for Kauai.

Ms. Albano inquired whether the 21 applicants were for the 6 sites, and how many sites will there be eventually. Mr. Nakamoto responded that there are 5 sites in Whitmore, 4 of which are the small farmer class, 1 in North-side 194-acre parcels in Whitmore. The 194-acre parcel could go from 1- to 280- acre(s) sections. Possibly, there could be more than 6 sites. As far as the Galbraith land is concerned, there are only 5 sites; in Whitmore could be 1-2 sites.

Mr. Tanaka inquired whether it is appropriate for a Board member to tag along during these site visits. Chair Kato-Klutke responded that we have to comply with the sunshine law.

Mr. Nakatani noted that in the past, the Land Investigative Committee looked at the farms. Just to look at plans is not realistic. You can write the best plan you want but I can go on your farm, and in 10 minutes I can tell you if you're successful or not. We'll have that discussion (to look at the farm). There is some complication with food safety issues that come quite rapidly and it's hard for farmers to understand how to do this; sanitation on the farms is important. Some issues, for example, neighbors leaving rubbish will attract rodents, having pets which is a no-no for food safety. Even with classes, it's still not effective. Mr. Kitagawa added that the amount of applicants--some good, some unqualified. It's one thing to go through them and another to do visits. Mr. Nakamoto noted that the next step will be to go through the applications and do inspections.

Ms. Koev, mentioning Mr. Nakatani's comments, stated that classes don't make sense for food safety but HDOA came to our farm for FSMA, that really helps because they come out to your farm. Going out helps and it makes it more manageable. Chair Kato-Klutke inquired whether HDOA goes out to Kauai.

Ms. Shimabukuro replied that HDOA is doing the "On Farm Readiness". The department goes out but doesn't do high enforcements/citation type of work. The department goes out and tells the farmer what is wrong and what you need to correct. If you don't make the corrections, then next time, there may be enforcement. We have an understanding with DCCA on that.

\USDA

Mr. Kitagawa inquired about the status of the conservation plans. Mr. Nakamoto responded that there are services out there, mostly private, which cost \$2,400-2,500 per plan but the farmer has to take the initiative to seek assistance.

Chair Kato-Klutke called a 5-minute recess.

K. Update on Clean Water Act Federal Lawsuit, Na Kia'I Kai, Surfrider Foundation and Pesticides Action Network North America vs State of Hawaii, Agribusiness Development Corporation and Department of Health, Civil No. 1:16-cv-00405-ACK-RLP, *Order Re: Summary Judgment and Dismissal*.

Ms. Albano moved to go into executive session; Mr. Manuel seconded the motion.

The motion carried unanimously.

L. Request for settlement authority on Complaint Under Title VI of the Civil Rights Act of 1964, EPA File No. 45RNO-16-R9, both filed by EarthJustice.

Mr. Kitagawa moved to go into executive session; Ms. Albano seconded the motion.

It was announced that the motion in executive session was to authorize Mr. Nakatani to use his discretion to settle the Title VI Complaint on the terms, and considering the concerns, discussed in executive session. The motion carried unanimously.

L. Executive Director's Reports and Updates:

1. Financial and Management audits is taking a lot of time from staff, causing the shutting down of operation, with people working overtime. ADC staff is responding to the Performance Audit (State Auditor) and Financial Audit (Acuity) requests for information and meetings. Both audits are targeted to be completed by December 2019.
2. Galbraith.
On July 17, 2019, Governor Ige and staff visited select agriculture operations. 1) Sugarland Farms Baseyard and Packing Operations; 2) Bott Well parcel and tour of Galbraith production areas; and 3) Mari's Gardens in Mililani. The purpose of the visit was to give the Governor an opportunity to see the agricultural production in Central Oahu and learn more about the movement towards greenhouse growing (controlled environment agriculture). He was able to meet with Brian Miyamoto (HFBF), Larry Jefts, Shin Ho, and Fred Lau. The Governor was very surprised because he didn't know the large scale of agricultural production that existed in Central Oahu.
3. Whitmore.
ADC contracted PBR Hawaii to conduct an environmental assessment of the Whitmore Food Hub Master Plan to support the initial plan design. On May 13, 2019, a Finding of No Significant Impact (FONSI) was sent to OEQC for publication. Also, to support activities in Wahiawa, ADC is working on opening a satellite office in the Dole complex at Whitmore

Village. Target opening is mid-August pending no delays. Staffing levels and office hours will be communicated when established.

Mr. Manuel noted that he attends the Wahiawa/Whitmore Neighborhood Board for Governor and there was a request, because we're going to be having the neighborhood board in Whitmore in October, that somebody from ADC potentially present or participate. Most meetings I've been to have been good. The other option would be to produce a report.

4. Tamura's Warehouse.

ADC staff continues to support the UH Community College with their due diligence and pre-planning for the value-added building renovation. Mike is spearheading this renovation to do the construction. Sub-contractors from different trades continue to tour and examine the property. Drafts for rights of entry are pending with legal. Kapiolani Community College (KCC) will concentrate on Food innovation. A lot has to do with proximity.

Chair Kato-Klutke wanted general information as to what's happening with purchases we're doing, hang-ups we're having with the lands we're authorize to purchase.

Mr. Goff replied that a couple of Purchase and Sale Agreements are with Dole's attorney right now, we were hashing out the deal, it was contemplated that those would be done in June, but he has not heard from them. He sent an email but has not heard back. There's also an access issues to certain lots, he saw an email that there's a potential solution, but not sure.

Ms. Kaichi added that Dole was to narrow down the access area and if they're going to use it, identify the internal Cane Haul Road. We cannot pay full price if it's land lock and Dole understood that

M. Adjourn.

Meeting adjourned at 11:35 am.

Respectfully submitted,



Marites Dagdagan
Secretary

AGRIBUSINESS DEVELOPMENT CORPORATION
Minutes of the Board of Directors meeting on October 9, 2019
1849 Auiki Street, Honolulu, Hawaii 96819

Members:

Sandra Kato-Klutke	Lloyd Haraguchi
Yukio Kitagawa	Douglas Schenk
Leilyn Koev	Michael McCartney (arrived 9:30AM)
Phyllis Shimabukuro-Geiser	

Absent:

Warren Watanabe	Kaleo Manuel
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Staff:

James Nakatani
Myra Kaichi
Lynn Owan
Ken Nakamoto
Todd Low

Counsel:

Andrew Goff, Deputy Attorney General

A. Call to Order.

Chairperson Kato-Klutke called the meeting to order at 9:03 a.m.

Chair thanked Todd Low as the interim/temporary secretary.

- B. Approval of minutes from the June 12, 2019 meeting.
Douglas Schenk moved to approve the recommendation. Lloyd Haraguchi seconded the motion.

Chair asked for any corrections to the minutes. She raised some corrections herself, and directed staff to correct the minutes. Motion carried unanimously as amended.

Approval of minutes from the July 31, 2019 meeting.
Douglas Schenk moved to approve the recommendation. Lloyd Haraguchi seconded the motion.

Chair asked for any corrections to the minutes. She raised some corrections herself. Phyllis Shimabukuro-Geiser made a correction to page 8. Due to substantial corrections, Chair directed staff to correct the minutes and resubmit at the next Board of Directors meeting.

- C. Presentation by University of Hawaii: Ike Wai – Securing Hawaii’s Water Future.

Dr. Gwen Jacobs made the presentation.

Ike Wai is an overarching hydrogeophysics initiative to understand the Pearl Harbor and Hualalalai (Big Island) aquifers. ADC land is uniquely situated to study the geological structures that impact groundwater flow into the Pearl Harbor and North Shore areas. Environmental-friendly hydrogeophysical measurements will help to improve the hydrological models for Central-O'ahu and the Pearl Harbor Region without the need to drill new wells. These improved models will make the predictions based on these models more accurate, thereby assisting management and economic decision making for the Pearl Harbor region.

ADC staff will coordinate research activities with farmer operations and will update the ADC BOD as necessary.

- D. Presentation of the Kekaha Agriculture Association's strategic farm plan for Kekaha, Island of Kauai.

Michael Faye made the presentation.

KAA will develop a strategic farm plan by December 31, 2019. The plan will focus on the development of the currently vacant 2,000 tillable/farmable acres and supporting current farm operations on the 4,000 acres under license.

KAA will update the ADC BOD on their progress.

- E. Request for approval to withdraw 88.02 Acres from Rong Seng Chen dba Funing Farm's License Agreement No. LI-K1701 in Kekaha, Kauai, Tax Map Key (4) 1-2-02-001 (por).

Mr. Nakamoto made the presentation.

Lloyd Haraguchi moved to approve the recommendation. Douglas Schenk seconded the motion.

Yuki Kitagawa asked for clarification regarding Tokyo Negi. Mr. Nakamoto explained it is the common name for Allium fistulosum or Welsh onion. It resembles the leek and is longer and thicker than the green onion with a larger amount of white stem.

Lloyd Haraguchi asked for clarification regarding the amount the farmer is delinquent. Mr. Nakamoto emphasized that the withdraw acreage was never in production and its rent amount continues to add to the amount owed by the farmer. After the acreage withdraw, the farmer would owe approximately \$13,000. Without the acreage withdraw, the amount owed would be \$45,000. He is making payments and ADC staff will continue to monitor the situation.

Sandi Kato-Klutke supports the acreage withdraw. Motion carried unanimously.

- F. Request for approval to remove a 74.26-acre portion of Field 219 from Beck's Superior Hybrids, License No. LI-K0801, that was approved at the ADC Board meeting on June 12, 2019.

Ms. Owan made the presentation.

Douglas Schenk moved to approve the recommendation. Yuki Kitagawa seconded the motion.

Yuki Kitagawa asked for clarification on the term “sell” in the Background description. Ms. Owan explained it was legal terminology for assigning the lease to another entity.

Motion carried unanimously.

- G. Request for approval of sublicense from Sunrise Capital LLC to Shredco, LLC for 15 acres, more or less, of Field 309 in Kekaha, Kauai, Tax Map Key (4)1-2-02-001 (por).

Ms. Owan made the presentation.

Douglas Schenk moved to approve the recommendation. Michael McCartney seconded the motion.

Douglas Schenk asked to clarify ShredCo’s the primary business activity and for an explanation of the statement “no profit is allowed to be made or sought by the Applicant” in the Land Request section. Craig Wagnild, attorney for Sunrise, explained ShredCo processes green waste. The no profit clause refers to Sunrise Capital not gaining profit from the sublicense.

Motion carried unanimously.

- H. Request for approval to issue a Revocable Permit to Helemano Farms LLC for storage space in Whitmore, Oahu; Tax Map Key (1) 7-1-02-09 (por).

Mr. Nakamoto made the presentation.

Yuki Kitagawa moved to approve the recommendation. Douglas Schenk seconded the motion.

No discussion. Motion carried unanimously.

- I. Request for approval to amend the term of Touan Farm LLC’s License Agreement No. LI-GA1713 for land in Whitmore, Oahu; Tax Map Key (1) 7-1-01-02 (por).

Mr. Nakamoto made the presentation.

Lloyd Haraguchi moved to approve the recommendation. Douglas Schenk seconded the motion.

Sandi Kato-Klutke asked for clarification on the lease start date. Mr. Nakamoto confirmed it is June 25, 2019 as the day the applicant entered the property. Motion carried unanimously.

- J. Update of Findings of Land Investigative Committee.

Mr. Nakamoto made the presentation.

Yuki Kitagawa noted that several of the recommended applicants raise similar products. He raised the question of whether ADC should minimize product overlap in the context of diversified agriculture production.

Lloyd Haraguchi noted that subleasing of parcels is common among agriculture operations in Hawaii and may extend several levels from the primary lessee. Subleasing without ADC BOD approval is in violation of ADC lease terms and, if not properly accounted for, can represent a substantial loss of rental income to ADC.

Sandi Kato-Klutke recognized the above topics are brought up consistently in production discussions and would like to designate a block of time for discussion at the next BOD meeting.

ADC Staff will work with Chair Kato-Klutke to accommodate this request in the next meeting agenda.

K. Executive Director's Reports and Updates:

1. Wahiawa
2. Whitmore
3. Drones
4. Costco
5. Kekaha
 - a. County of Kauai soil removal negotiations
 - b. Settlement discussion on EarthJustice Clean Water Act Federal Lawsuit, Na Kia'i Kai, Surfrider Foundation and Pesticide Action Network North America vs State of Hawaii, Agribusiness Development Corporation and Department of Health, Civil No. 1:16-cv-00405-ACK-RLP.
 - c. Settlement of EarthJustice Complaint Under Title VI of the Civil Rights Act of 1964, EPA File No. 45RNO-16-R9
6. Financial and Performance Audits
7. Board members' terms

Executive Director James Nakatani made the presentation.

Douglas Schenk asked when the audits would be completed. Mr. Nakatani explained the management audit would be completed by December 31, 2019. The financial audit extends to December 31, 2020.

L. Adjourn

The meeting was adjourned at 11:30 a.m.

Respectfully submitted,

Todd Low
Acting Secretary

AGRIBUSINESS DEVELOPMENT CORPORATION
Minutes of the Board of Directors meeting on December 11, 2019
1849 Auiki Street, Honolulu, Hawaii 96819

Members:

Sandra Kato-Klutke	Lloyd Haraguchi
Yukio Kitagawa	Douglas Schenk
Kevin Hopkins (auditing meeting)	Warren Watanabe
Phyllis Shimabukuro-Geiser (9:40AM)	Leilyn Koev

Absent:

Michael McCartney	Kaleo Manuel
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Staff:

James Nakatani
Myra Kaichi
Lynn Owan
Ken Nakamoto
Todd Low

Counsel:

Andrew Goff, Deputy Attorney General

A. Call to Order:

Chairperson Kato-Klutke called the meeting to order at 9:01 a.m.

B. Approval of minutes from the July 31, 2019 meeting.

Douglas Schenk moved to approve the recommendation. Lloyd Haraguchi seconded the motion.

Chair asked for any corrections to the amended minutes. No corrections. Motion carried unanimously as amended.

Approval of minutes from the October 9, 2019 meeting.

Douglas Schenk moved to approve the recommendation. Lloyd Haraguchi seconded the motion.

Chair asked for any corrections to the minutes. No corrections. Motion carried unanimously as amended.

C. Request for approval to issue Right of Entry to the University of Hawaii for geophysical research on land on Oahu, Tax Map Key(s): (1) 6-5-05-09; (1) 6-5-01-44; (1) 6-5-01-14; (1) 6-5-02-06; (1) 6-5-02-08; (1) 6-5-02-31; (1) 6-5-02-01; (1) 6-5-02-25; (1) 7-1-01-02; (1) 7-1-

01-03; (1) 7-1-01-05; (1) 7-1-01-12; (1) 6-4-04-08; (1) 7-1-02-46; (1) 7-1-02-47; (1) 7- 1-02-34; (1) 7-1-02-04; (1) 7-1-02-09; (1) 7-1-02-37; (1) 7-1-02-44; and (1) 9-5-03-07.

Mr. Nakamoto made the presentation.

Douglas Schenk moved to approve the recommendation. Lloyd Haraguchi seconded the motion.

Kevin Kelly (UH) provided detailed Ike Wai project knowledge. The UH team just completed a data gathering exercise on adjacent Dole lands and has gained experience working with agriculture operations. The project is a collaboration with the Commission on Water Resource Management (CWRM). Updates and data will be shared with the ADC BOD on periodic basis.

Motion carried unanimously.

- D. Request for approval to renew Revocable Permit No. 7004 for Gary Smith in Kekaha, Kauai, TMK (4)1-2-02-01 (por.).

Ms. Owan made the presentation.

Lloyd Haraguchi moved to approve the recommendation. Douglas Schenk seconded the motion.

Motion carried unanimously.

- E. 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.

Lloyd Haraguchi moved to approve the recommendation. Warren Watanabe seconded the motion.

Mr. Haraguchi inquired about Senter Petroleum's ability to offset any financial liability from its operations. ADC staff will provide company financial background to ensure there are resources in place to reduce any liability to ADC.

Motion carried unanimously.

- F. Request for conditional approval of the issuance of new right of entry and soil-removal agreement to County of Kauai, Tax Map Key (4)1-2-02-001 (por) and the termination of License No. LI-K1103 to County of Kauai and Waste Management of Hawaii, Inc.

Ms. Kaichi requested deferral of the item.

Item deferred.

- G. Request for approval to renew Revocable Permit No. 1802 to William J. Sanchez for 419 acres in Unit A, located in Kalepa, Kauai, Tax Map Key (4) 3-9-02-20 (por.).

Ms. Owan made the presentation.

Lloyd Haraguchi moved to approve the recommendation. Douglas Schenk seconded the motion.

Mr. Schenk inquired as to how much production occurs on the land and where is it sold. Ms. Kato-Klutke reported that the beef is sold locally and is also processed as jerky.

Motion carried unanimously.

- H. Request for approval for Green Energy Team to sublicense to Taiwan Gu and Hawaii Golden Farm LLC for approximately 90 total acres of Unit J and a portion of Unit N, Tax Map Key (4)3-9-002-001 (por).

Ms. Owan made the presentation. She requested that the title be amended to reflect 57.8 acres instead of 90 acres.

Douglas Schenk moved to approve the recommendation. Warren Watanabe seconded the motion.

Mr. Kitagawa inquired about the strategy behind the sub-license request. ADC staff is working with the agriculture operations to take advantage of fallow fields and make the lands more productive through crop rotation. Mr. Haraguchi requested the word "and" in second recommendation in the submittal be changed to "by".

Motion carried unanimously.

- I. Request for approval to amend tillable acreage under License LI-KA 1405, issued to Elesther Calipjo, from 305.43 acres to 178.10 acres, more or less, in Kalepa, Kauai, Tax Map Keys (4)03-09-002-020 (por) and (4)03-09-02-09.

Ms. Owan made the presentation.

Douglas Schenk moved to approve the recommendation. Lloyd Haraguchi seconded the motion.

Mr. Schenk inquired about the type of activity on the land. ADC staff reported a mixture of cattle and diversified agriculture (5 acres). Ms. Kato-Klutke recommended that more accurate maps be made to assist decision making.

Motion carried unanimously.

- J. Request for approval to renew License No. LI-K1102 issued to Aurora Bunao and Arnold Bunao, in Kalepa, Kauai, Tax Map Keys: (4) 3-9-02-20

Ms. Owan made the presentation.

Lloyd Haraguchi moved to approve the recommendation. Douglas Schenk seconded the motion.

Discussion centered on the diversification of agriculture operations through sub-licenses (see item H. Mr. & Mrs. Bunao attended to meeting. ADC reported that a cattle operation can improve their cash flow by partnering with more intensive agriculture operations that require less acreage. Ms. Shimabukuro-Geiser offered that the UH-CTAHR is interested in this new diversification model and could assist in building a framework. Mr. Schenk applauded ADC's efforts to improve the agriculture production and commercial viability of their tenants. Mr. Watanabe inquired whether short-term licenses are an effective means for sub-licensing terrestrial farmers. Further discussion regarded whether this type of arrangement benefits both parties involved.

Motion deferred.

- M. Request to adopt the Land Investigative Committee's recommendations for selecting applicants for ADC land licenses. (Item taken out of agenda sequence).

Mr. Nakamoto made the presentation.

Lloyd Haraguchi moved to approve the recommendation. Douglas Schenk seconded the motion.

David Chan provided a farmer's perspective on the selection process and opportunity the new land affords. He does not sub-license but that individual farmers on his payroll. ADC staff will ensure proper documentation is provided per labor laws. Mr. Kitagawa was pleased that the farmers would be initially focusing on the local markets. Mr. Schenk acknowledged Mr. Nakamoto's efforts to facilitate the application process. Mr. Nakamoto informed the Board that the next steps will be to issue Rights of Entry to the farmers to provide them with access to the property to do their due diligence, land prep, and soil conservation planning.

Motion carried unanimously.

- K Update on Clean Water Act Federal Lawsuit, Na Kia'i Kai, Surfrider Foundation and Pesticide Action Network North America vs State of Hawaii, Agribusiness Development Corporation and Department of Health, Civil No. 1:16-cv-00405-ACK-RLP, Order Re: Summary Judgment and Dismissal.

and

- L. Update on Complaint over Galbraith lands by Ohana Best LLC vs. State of Hawaii, Agribusiness Development Corporation and James Nakatani in his individual capacity and as executive director of ADC, Civil No. 19-1-1640-10, Circuit Court, State of Hawaii.

Mr. Goff made the presentation on both items.

Lloyd Haraguchi moved to enter Executive Session. Douglas Schenk seconded the motion. The board emerged from executive session without any action.

N. Executive Director's Reports and Updates:

1. Kekaha
 - a. Update on Complaint Under Title VI of the Civil Rights Act of 1964, EPA File No. 45RNO-16-R9.
2. Whitmore
3. Outreach
4. 2020 ADC Strategic Plan DRAFT

Executive Director Nakatani made the presentation.

O. Adjourn

The meeting was adjourned at 12:15 p.m.

Respectfully submitted,

/s/ Todd Low _____

Todd Low
Acting Secretary