

DAVID Y. IGE
Governor

JOSH GREEN
Lt. Governor



JAMES J. NAKATANI
Executive Director

STATE OF HAWAII
AGRIBUSINESS DEVELOPMENT CORPORATION

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

Meeting of the Board of Directors

Held via Teleconference

January 26, 2022
9:00 a.m.

Considering the evolving COVID-19 situation, protecting the health and welfare of the community is of utmost concern. As such, the meeting will be held remotely, with Board members, Staff and Applicants participating via online meeting venue as permitted by the Governor's "Emergency Proclamation Related to Sunshine Law In-Person Meetings" dated December 29, 2021.

Interested persons can submit written testimony in advance of the meeting, which will be distributed to Board members prior to the meeting. We request that testimony be submitted not later than 72 hours prior to the meeting to ensure time for Board members to review it. Submit written testimony to: hdoa.adc@hawaii.gov.

When testifying in-person, or via internet or telephone access, you will be asked to identify yourself and the organization you represent, if any. Each testifier will be limited to two (2) minutes of testimony per agenda item.

The public can participate in the meeting using one of the following options:

- **Video/audio livestream:** <https://zoom.us/j/96554746393>
- **Or, via telephone:** (669) 900-6833, Web ID: 965 5474 6393

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To view the meeting and provide live oral testimony, please use the link at the top of the agenda. You will be asked to enter your name. The Board requests that you enter your full name, but you may use a pseudonym or other identifier if you wish to remain anonymous. You will also be asked for an email address. You may fill in this field with any entry in an email format, e.g., *****@***mail.com.

Your microphone will be automatically muted. When the Chairperson asks for public testimony, you may click the Raise Hand button found on your Zoom screen to indicate that you wish to testify about that agenda item. The IT Specialist will individually enable each testifier to unmute their microphone. When recognized by the Chairperson, please unmute your microphone before speaking, and mute your microphone after you finish speaking.

TELEPHONE ACCESS:

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Upon dialing the number, you will be prompted to enter the Meeting ID which is also listed at the top of the agenda. After entering the Meeting ID, you will be asked to either enter your panelist number or wait to be admitted into the meeting. You will not have a panelist number. Please wait until you are admitted into the meeting.

When the Chairperson asks for public testimony, you may indicate you want to testify by entering "#" and then "9" on your telephone's keypad. After entering "#" and then "9", a voice prompt will let you know that the host of the meeting has been notified. When recognized by the Chairperson, you may unmute yourself by pressing "#" and then "6" on your telephone. A voice prompt will let you know that you are unmuted. Once you are finished speaking, please enter "#" and then "6" again to mute yourself.

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In the further event that connectivity is unable to be restored within thirty minutes, the meeting will be automatically continued to a date and time to be posted on the ADC website at <https://hdoa.hawaii.gov/adc> no later than close of business the next business day. New video/audio livestream, telephone, and web identification information will also be posted on the website no less than twenty-four (24) hours prior to the continued meeting date. Alternatively, if a decision is made to terminate the meeting, the termination notice will be posted on the ADC website.

[agenda begins on the following page]

AGENDA

A. Call to Order

B. Roll Call

C. Approval of Minutes

1. Board of Directors Meeting, November 10, 2021

D. New Business

1. Presentation by Mike Faye of Kekaha Agriculture Association Regarding a Managed Wetlands Proposal
2. Presentation by David Bissel of Kauai Island Utility Cooperative Regarding the West Kauai Energy Project
3. Request for Approval to Issue a License to Hanahanapuni Farm for 259 Acres, More or Less, of Unit L in Kalepa, Kauai, Tax Map Key (4) 3-9-002:001 (por)
4. Request for Approval to Issue a Land License to the University of Hawaii, College of Tropical Agriculture and Human Resources for Weather Recording Purposes in Central Oahu, Tax Map Key (1) 6-4-003-016 (por)
5. Update Related to a "Notice of Violation" by City and County of Honolulu, Department of Planning and Permitting for "two dwelling structures constructed on property without the required building permit" Located on Premises Licensed to William H. Wise III dba Waihii Farms and Kalama Hardwood LLC
6. Request for Approval to Pay Fines Related to a "Field Citation" Issued by State of Hawaii, Department of Health, Wastewater Branch for "unauthorized wastewater system" Located on Premises Licensed to William H. Wise III dba Waihii Farms and Kalama Hardwood LLC
7. Request for Approval to Issue Licenses to the Tenant Review and Recommendation Committee's Recommendations for ADC Land License
8. Appointment of Members to the Standing "Administrative Committee" for the Purpose of Conducting the Annual Performance Evaluation of the Executive Director

"The Board may go into executive session, pursuant to H.R.S. 92-5(a)(2), to consider the evaluation of an officer or employee where the consideration of matters affecting privacy will be involved, and H.R.S. 92-5(a)(4), to consult with the Board's attorney on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities."

9. Request to Delegate Authority to ADC Executive Director to Negotiate and Purchase Three Deep Wells in Paalaa Uka, District of Waialua, Oahu from Dole Food Company, Inc.

“The Board may go into executive session, pursuant to H.R.S. 92-5(a)(3), to deliberate concerning the authority of persons designated by the Board to negotiate the acquisition of public property.”

E. Old Business

1. None

F. Executive Director's Update

G. Adjourn

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NOTE: MATERIALS FOR THIS AGENDA WILL BE AVAILABLE FOR REVIEW ON OUR WEBSITE ON AND AFTER THURSDAY, 01/20/22

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Myra Kaichi, Acting Non-Discrimination Coordinator
Agribusiness Development Corporation
235 S. Beretania Street, Room 205
Honolulu, HI 96813
(808) 586-0186
hdoa.adc.titlevi@hawaii.gov

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AGRIBUSINESS DEVELOPMENT CORPORATION

Minutes of the Board of Directors Meeting held Virtually on November 10, 2021

Via Zoom Teleconference

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

Members Present, virtually:

Frederick Lau, City & County of Honolulu, Chairperson (Chair)
 Mary Alice Evans, Designated Representative, DBEDT, Ex-Officio Member (Ms. Evans)
 Glenn Hong, Member-At-Large (Mr. Hong)
 Karen Seddon, Member-At-Large (Ms. Seddon)
 Phyllis Shimabukuro-Geiser, Chairperson, Board of Agriculture, Ex-Officio Member (Ms. Shimabukuro-Geiser)
 Lyle Tabata, Kauai County Member (Mr. Tabata)
 Warren Watanabe, Member-At-Large (Mr. Watanabe)
 Kaleo Manuel, Designated Representative, DLNR, Ex-Officio Member (Mr. Manuel)

Members Not Present

Lloyd Haraguchi, Member-At-Large (Mr. Haraguchi)
 James Gomes, Maui County Member (Mr. Gomes)
 Kevin Hopkins, Hawaii County Member (resigned effective 11/1/2021)

Counsel Present, virtually:

Delanie Prescott-Tate, Deputy Attorney General (Ms. Prescott-Tate)

Staff Present, virtually:

James Nakatani, Executive Director (Mr. Nakatani)
 Myra Kaichi, Sr. Executive Assistant (Ms. Kaichi)
 Ken Nakamoto, Project Manager (Mr. Nakamoto)
 Lyle Roe, Property Manager (Mr. Roe)
 Lance Tashima, Administrative Services Officer
 Lynette Marushige, Executive Secretary
 Mr. Jason Azus-Richardson, IT Specialist
 Mr. Stephen Dalton, IT Specialist (Mr. Dalton)

Guests Present, virtually:

Cathi Ho Schar (Ms. Schar)
 Kimi Makaiau (Ms. Makaiau)
 Jonathan “Malu” Stanich (Mr. Stanich)
 Chris Kuramoto (Mr. Kuramoto)
 Steve Tomei (Mr. Tomei)
 Jamiel Ishaque (Mr. Ishaque)
 Kyle Oura (Mr. Oura)
 Thora-Jean Cuaresma (Ms. Cuaresma)
 Linda Lovan (Ms. Lovan)

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A. Call to Order

Chair called the virtual meeting to order at 1:02 p.m.

B. Roll Call

Chair conducted a roll call of the Board. In accordance with the Governor's emergency proclamation dated October 1, 2021 related to COVID-19, and emergency rules related to the sunshine law, Chair called the name of each member and asked them to identify anyone present in the room with them, and if so, state his or her name for the record. Chair stated that the roll call served as the roll call vote, and for each subsequent vote, the Chair would ask if there were any objections. If there were no objections the motion will be carried on the same basis as the roll call vote.

Roll call: Ms. Evans, Mr. Hong, Mr. Manuel, Ms. Seddon, Ms. Shimabukuro-Geiser, Mr. Tabata, and Mr. Watanabe acknowledged attendance with no guests present. Mr. Gomes and Mr. Haraguchi were excused.

Chair noted that Mr. Hopkins resigned effective November 1, 2021. Chair thanked Mr. Hopkins and his wife Margarita Hopkins who also served on the board. Chair stated that he was informed that Margarita passed away on Sunday and on behalf of the board expressed condolences to the family.

C. Approval of Minutes

August 25, 2021 minutes

Motion to approve: Mr. Hong, Second: Mr. Watanabe

Mr. Hong stated, again, he was a Member-At-Large not with City and County of Honolulu.

No staff comment.

No public comment.

Minutes approved with amendment: 8/0

September 29, 2021 minutes

Motion to approve: Mr. Hong, Second: Mr. Tabata

No staff comment.

No public comment.

Mr. Manuel stated he was not present at this meeting and abstained from voting.

Minutes approved: 7/1 Mr. Manuel abstained because he was not present at this meeting.

D. NEW BUSINESS

1. Presentation by Cathi Ho Schar of the University of Hawaii Community Design Center Regarding the Whitmore Food Hub

Chair invited Ms. Schar from the University of Hawaii Community Design Center (UHCDC) to start the presentation regarding the Whitmore Food Hub. Mr. Dalton introduced the members with her: Ms. Makaiau, Mr. Stanich, Mr. Kuramoto, Mr. Tomei, Mr. Ishaque, and Mr. Oura.

Ms. Schar shared a power point presentation on the Whitmore Community Food Hub Complex Update. She introduced the UHCDC team members to the board and provided the project overview.

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Chair thanked UHCDC and stated this project has been going on for a lot of years and it's finally coming to fruition. Chair asked if there were any comments from the public?

Mr. Dalton called Ms. Cuaresma forward and asked her to state her name and organization.

Ms. Cuaresma stated she's not from an organization, she's a resident of the area for over 30 years. Her first question was for Ms. Makaiau. She asked if the presentation given today by UHCDC was going to be given at the November 19th walkthrough or if it will be on a poster board so those in attendance can read everything that UHCDC put up through the slides today.

Ms. Makaiau thanked Ms. Cuaresma and responded saying they do not have the exact slides, but she doesn't see a problem with making them available. They will have poster boards that give a little more information on the work that was done these past two months. Ms. Makaiau noted they were working with translating services so they will have their materials, their flyers, and things produced in multiple languages, and will be out in the community this Friday to start putting up posters and banners at the different business locations. They will continue to send electronic files out to all of their distribution lists and they really appreciate, and hope that the community members like Ms. Cuaresma will continue to assist as far as getting the word out. It was genuinely their hope to be able to go out to the community, hear their feedback, concerns, questions, and they will do their best to get out there as much as possible. She especially wanted to say mahalo to Ms. Cuaresma for providing all the feedback and suggestions and they have definitely taken it to heart. Their team was working very hard to get out there so mahalo.

Ms. Cuaresma said thank you for that, she just had a couple of questions. She noticed one of the slides listed 808 Stone, Agtech, Davey Tree, Dole Foods, Friends of Waimanalo and one more. She wanted to know how 808 Stone, Agtech, Davey Tree and Dole got on the list. As far as she knows, these groups don't produce any kind of food or any kind of product that can feed their community.

Ms. Makaiau stated they initially asked for a list of all existing tenants on the 34-acre site. One of the first steps they did was let the tenants know who they were, and what the next steps were for their process. They met with them in two different virtual meetings very early on just to introduce themselves and let them know they contracted with ADC. They explained what their scope of work was going to be and if they wanted to continue to engage with them. Of course, they could not make any promises as far as if they would be relocated into the facility once it was renovated. It was just an opportunity to reach out to them and let them know what was happening. We continue to include them in any communication that goes out, which was inclusive of the November 4th meeting as well as the next meeting. They haven't asked for any kind of presentation or anything like that.

Ms. Cuaresma's next question had to do with the slide that talked about the 57-acre inter-agency transfer. She asked that they please tell her what agencies they were in conversation with or considering as far as this inter-agency transfer. She asked if this meant transfer of management of those 57-acres?

Ms. Makaiau explained she doesn't really know much about that and asked that the question go to the ADC board. She said they've been kind of informed there may be a transfer taking place, but she didn't know who would be better suited to answer that.

Chair asked if it would be Ms. Kaichi.

Mr. Roe said he can jump in.

Ms. Cuaresma asked if he could identify himself because she could not see him on her screen.

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Mr. Roe identified himself and stated that the two TMK wings he thinks were still under the management of DHHL and in the process of being turned over to ADC through a process that began years ago. He believed its already been paid for, the money had changed hands, and they're just waiting for finalization of the deeds.

Ms. Cuaresma said ok...she has just a couple of more questions.

Chair reminded Ms. Cuaresma that the Board had other items on the agenda that needed to be taken care of.

Ms. Cuaresma responded that she appreciates the time and continued with respect to the workforce housing, was it going to be studios or was it going to be dorm style? What's the plans?

Ms. Makaiiau stated they do not have plans for that; it was in a future phase. It was mentioned in the original master plan but at this point it's not anything they have started to discuss. They have not had any outside discussion with any developers or anything like that.

Ms. Cuaresma said her last question has to do with the cost estimate. What safeguards will be put into place so the community as taxpayers can be assured that they won't run into cost-estimate issues like the State and City have run into with the HART project.

Ms. Makaiiau said she was not sure who can respond to that question.

Ms. Cuaresma gave her telephone number and stated she would appreciate an answer offline from anybody regarding what kind of assurances the community or the taxpayers had because this was a taxpayer funded project. What assurances do they have that cost-estimates will be real and there will be some safeguards placed so they're not running into the same problems being seen with the rail right now. She gave her telephone number again and said she appreciated the time and looked forward to someone responding to her question.

Ms. Makaiiau said she will make sure they continue communicating with Ms. Cuaresma.

Chair asked if there was anyone else from the public.

Mr. Dalton said there were none.

Chair asked if there were any questions from the board.

Mr. Tabata stated he had a question about how much waste was generated from the food processing operation and what kind of volumes were they talking about? He also asked instead of HECO having to supply the power if some co-generation opportunity would be available for power production?

Ms. Schar asked if Mr. Tomei, Mr. Kuramoto or Mr. Ishaque could respond. She doesn't think Mr. Tabata was asking for actual numbers at this point because they're not there yet but if they could respond to what Mr. Tabata was suggesting, that would be great.

Mr. Kuramoto stated he was one of the electrical consultants. He knows it's been mentioned that photovoltaic panels be used to offset some of the HECO demand. It would increase the up-front cost to provide the PV panels, but it would save on electricity over time. They are looking into ways to incorporate PV into the project. He hoped that answers Mr. Tabata's question.

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Mr. Tabata stated he had a history with solid waste disposal, and the island was currently seeking a new landfill site. Primarily the landfill was for waste that comes from the H-power generation plant. Were there any plans to divert some of this material so that it can be used for power? That's the kind of thing that will make it a green technology operation. People are looking at ways to reduce waste and generate power at the same time.

Mr. Kuramoto said thank you, they can look into that.

Chair stated one of the other things he had asked was disposal of wash water on site. He didn't see that in the presentation. Was that still a consideration?

Ms. Schar said she will have Mr. Tomei and Mr. Ishaque respond to that question.

Mr. Ishaque responded they received approval from the wastewater branch to connect the wastewater to their system.

Chair said that wash water in agriculture was not contaminated water and for example if you were growing bean sprouts, a large part of the cost was in disposal of that water after the product had been grown. Had any consideration been given to storage of that water instead of it going into the wastewater system and being charged for the disposal?

Mr. Ishaque stated he understood what Chair was saying but he thinks that where they're at right now, they have not taken that into consideration.

Chair said he was not sure how significant that will be, but it's something to consider.

Mr. Hong thanked Ms. Schar and her team for the nice presentation especially since they only got on it two months ago. He just had a comment. In the past, producers sometimes have a hard time getting together in a cooperative endeavor. It's important that they get the producers, the farmers, really engaged in the whole process to show them how the benefits were there for them and it's not designed to take all the profit out of their pockets. It would in fact help improve the profit in their pockets. Efficiency was going to be everything in making this work.

Chair asked if there was anyone else who wished to comment. There were none. Chair thanked Ms. Schar and her team.

Ms. Schar thanked the board, her team members who were there, and all the students who were not present who supported this work.

2. Request to Reconsider the Termination of License No. LI-KA1412, Issued to Gerald M. Sanchez

Motion to Approve: Ms. Evans / Second: Mr. Watanabe

Chair asked Mr. Roe for the presentation.

Mr. Roe stated that staff stood on the submittal as presented. This agenda item was to provide Mr. Sanchez with an opportunity to speak on his own behalf. The notice that the board was going to deal with the license termination at the last meeting was sent regular U.S. mail and there was no confirmation that Mr. Sanchez had received it. In notifying him of the board's decision from the last meeting, our deputy attorney

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general gave him the opportunity to ask for reconsideration. Mr. Sanchez contacted him shortly thereafter. Mr. Roe believed Mr. Sanchez was in the audience waiting to be recognized.

Chair asked if there were any comments from the public?

Mr. Roe said Mr. Sanchez may be calling in.

Mr. Dalton asked if Mr. Sanchez was in the audience to please press # and then 9. (No response).

Mr. Manuel suggested that Mr. Roe call Mr. Sanchez.

Chair called for a 10-minute recess while Mr. Roe attempted to contact Mr. Sanchez.

Board recessed at 2:08 p.m.

Board reconvened at 2:18 p.m.

Mr. Sanchez joined the meeting via telephone. He introduced himself and said that Green Energy came in and walked away with a million dollars' worth of material and they left \$500 worth of disaster in his unit that he had to take care of. He said he looked for ADC help, and nobody helped him, and nobody has even spoken to him for the past 5-years from ADC. He continued saying that Green Energy came into his unit without even notifying him, they wiped the whole place out. He said they made all the profit and left all the damage in the back for the tenant to take care of. This isn't the only thing that happened. Green Energy has been doing that to a lot of tenants. The quantity of work that Green Energy left behind was unbearable. He said he's been in construction for the last 50-years and raising cattle and it's unbearable the way they leave the site and you people allowed them to do it. He repeated, this was unbelievable, the work they leave behind, and you people allowed them to do it. He said this was his problem, he has to spend all the money now to put his unit in shape. That's all he had to say.

Mr. Roe thanked Mr. Sanchez.

Chair asked when did the incident occur and what was he talking about.

Mr. Roe said that it's in the submittal but explained that Mr. Sanchez executed an agreement with Green Energy. Mr. Sanchez executed that agreement without ADC's consent. Mr. Sanchez entered into that agreement of his own volition and in violation of the terms of his license that required ADC consent for such things. ADC was not part of that, that's something that he entered into alone.

Chair asked if Mr. Sanchez had a response to that?

Mr. Roe stated that Mr. Sanchez was still on the phone but had not said anything. He said that ADC's part still stands, nothing has substantially changed. If Chair would allow him to share his screen for a moment. Mr. Roe showed a map with a common element road that runs through Mr. Sanchez's property. The length of the road is 3,163.5 feet. He said that's the distance of the two sides of the road that Mr. Sanchez has cleared. He cleared roughly 30 to 40 feet depth on each side multiplied by 2 for each side of the road that comes out to about 190-thousand square feet. If we assume there's roughly 7 million square feet in 160-acres we can say that Mr. Sanchez has cleared about 2.72% of his premises in 2 months. Given these calculations we can reasonably conclude that it would take a little over 6 years to clear the premises. In addition, as of this morning, Mr. Sanchez has not reached out to Kalepa Coalition to pay his dues or execute an agreement. Mr. Sanchez hasn't removed any of the abandoned vehicles on his property.

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Nothing has really changed except for clearing 2.72% of the premises. That's the basis for staff's continued recommendation that the board either let the termination stand or reaffirm the prior termination. This doesn't represent a loss to Mr. Sanchez. He doesn't have any infrastructure built on the property; he has no cattle. To allow this termination to stand doesn't really cost him anything except to remove the abandoned vehicles from the property. That concluded the presentation, and he was available for questions. Mr. Roe noted that it looked like Mr. Sanchez had disconnected.

Chair asked if there was any further discussion.

Mr. Manuel thanked Mr. Roe for making the effort to be inclusive and to provide the opportunity for Mr. Sanchez to make his statement and for the analysis of the situation. His question was if the Board upholds its decision, what was the timeframe to get this property back out for licensing so we can get a tenant on it? It's been one of the criticisms against the board so he would like to know from staff what the plans were to put this out.

Mr. Roe responded that our attorney general can interrupt him if he says something wrong. He said if the board upholds the termination, ADC will send a final termination letter to Mr. Sanchez giving him probably 30 to 90 days to clear out the property. At the conclusion of that time frame, he would go out and check the property to see if Mr. Sanchez had indeed cleared out. If he hadn't, then ADC would probably approach the court. He doesn't know the terminology, word of eviction, order of eviction, something like that would be served. Following that, if he still hadn't done it then ADC would sue for damages, that part was speculative, he doesn't know if ADC would do that, but it was allowable under the terms of the license.

Mr. Manuel asked so we're looking at 6 months to a year before this becomes potentially accessible by a new tenant or was that completely speculative as well?

Mr. Roe thinks it's speculative. He said Ms. Prescott-Tate may have more experience in prosecuting, but there was interest in the property.

Mr. Manuel thanked Mr. Roe.

Ms. Prescott-Tate stated that once the current license was terminated, the property can be re-licensed, probably within 3 – 6 months.

Chair asked Mr. Roe if he was aware of the statement by Mr. Sanchez that Green Energy had done this with other tenants?

Mr. Roe said he knew of one other tenant, Mr. Esaki, who had executed an agreement with Green Energy. The Green Energy Team does not tear down the stumps because it's cost prohibitive. That was evidently an agreement that they reached with Kalepa Coalition and the members.

Chair asked if he knew of any other tenant being unhappy with the Green Energy Team.

Mr. Roe responded that there doesn't seem to be. He said he was out there in July and Mr. Esaki did not express any dissatisfaction with it.

Ms. Shimabukuro-Geiser asked Mr. Roe about the expression of interest for the property and asked if that party was aware of the condition of the property and will they still take it with the vehicles and the over-growth?

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Mr. Roe responded presumably. They're aware it's overgrown. As far as the vehicles were concerned, a mini excavator and an old bus were sitting in the weeds and he doesn't know if there were any other vehicles buried further in the property. The perspective tenants were aware, but emphasized it was tentative interest.

Ms. Shimabukuro-Geiser said she hoped that the perspective parties of interest do not make the assumption that ADC was going to remove the abandoned equipment/vehicles. She was concerned about that expectation.

Mr. Roe said with any luck Mr. Sanchez will take care of that once he knows he will be responsible for any damage ADC incurs if ADC has to remove those vehicles.

Chair asked if there were any other comments?

Mr. Hong said it goes back to his question last month about if the notice was sent to Mr. Sanchez via certified mail. He said he's not sure why we sent it regular mail because we could have dealt with this last month.

Mr. Roe acknowledged that it was his mistake.

Mr. Hong said he's not trying to put blame on anyone, and we didn't lose that much time, it's just the process.

Mr. Roe said Ms. Prescott-Tate will make sure he doesn't make that mistake again.

Ms. Shimabukuro-Geiser called for the question.

Chair asked if there were any objections to the motion.

Chair asked if we were terminating the lease or reconsidering terminating the lease.

Mr. Roe said he thinks the recommendation in the submittal was to uphold the termination.

Ms. Evans said the licensee's request for reconsideration, that's his action. The recommendation was to confirm our previous vote to terminate the license.

Ms. Prescott-Tate verified that the motion was to reconsider the termination. His license had already been terminated. The board was being asked to reconsider the termination of the license. If the board does not accept his excuses for not complying with the license, then the board will not reconsider the termination and uphold the boards earlier decision.

Ms. Evans restated the motion: Based on the licensee's limited progress in clearing the land, and as of this writing, failure to address any of the remaining concerns including executing an agreement and paying past dues and fees to Kalepa Koalition, the board confirms and upholds the earlier termination of the license.

Mr. Watanabe seconded the motion. Chair called for the vote. Hearing no objection, the motion was approved.

Vote: Approved, 8-0

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3. Request for Approval to Refer License No. LI-PU1809 Issued to K & L Produce LLC to the Department of the Attorney General for Possible Legal Action

Motion to Approve: Ms. Evans / Second: Mr. Watanabe

Mr. Roe rested on the submittal. He thought the pictures told a compelling story and he was available for questions. He noted that in addition to the most recent inspection, he was out there last October and there was not much change from that time. He stated that the licensee's daughter was supposed to be present to speak on the licensee's behalf.

Mr. Dalton stated that there was no one raising their hand.

Following some technical difficulties, Mr. Dalton called Ms. Lovan forward via telephone and asked her to state her name and organization.

Ms. Lovan said she is Kevi's daughter with K&L Produce. Her dad doesn't speak English well so she's attending for him. Regarding some of the things she saw in the email that was sent to her about the violations, were the abandoned cars that were mentioned, cars that don't work at all? They have cars that were not registered but they use them for farming.

Mr. Roe said there were vehicles that were built into structures, that were built up around, that were used for human habitation. They were not being used as vehicles to drive around. There were others sitting in the weeds and if she goes to the ADC website and looks at the submittals, she'll see the pictures he took to document everything.

Ms. Lovan accessed the meeting materials from the hdoa.hawaii.gov/adc website.

Chair asked Ms. Lovan if, aside from the cars and what look like abandoned vehicles, had her father procured commercial liability insurance on the parcel and a soil conservation plan?

Ms. Lovan responded that her father did not know what a soil conservation plan was, and neither did she. They just started talking to Jason with USDA, and she believes he was helping them get that with NRCA. So, they're in the process of getting that. With regards to the liability insurance, they actually have insurance but it's still under Dole. She had to send the lease to HEMIC to add ADC.

Chair asked so Dole was the listed insured?

Mr. Roe stated that Ms. Lovan called him over a year ago and asked how much time was on the license because they were concerned about getting their conservation plan in time. Because of this call, he believed they were aware of the conservation plan requirement. In regard to the commercial general liability insurance, he has an email chain of approximately 6 emails to Ms. Lovan requesting updates with absolutely no response. Those actions, in addition to the violations were the reasons why this matter should be referred to the department of the attorney general.

Ms. Lovan apologized and said the contract was misplaced which was why she emailed Mr. Roe for a copy. She added, she needed the contract to do the insurance name change.

Chair asked if Ms. Lovan was able to open up the photos from the website?

Ms. Lovan said she's looking at them now.

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Mr. Watanabe expressed concern about the pesticide containers on the property. He said they need to be properly disposed of; he finds the photo showing the piled-up containers disturbing.

Ms. Lovan said she will let her dad know. She apologized saying she was not aware of this. She did tell her dad that he needs to get rid of the vehicles and she thinks he has contacted someone to do that. She ordered a dumpster earlier in the year and stated she will likely order one every month to make sure it stays clean. They were also trying to find someone to give the chickens and ducks to.

Chair asked Mr. Roe when his follow-up inspection was scheduled?

Mr. Roe said he had scheduled a follow-up inspection for November 29th.

Chair asked if we were looking for progress at that time?

Mr. Roe said yes but believed this matter should be referred to the attorney general to keep pressure on the tenant. The other thing to notice were the toilets that were plumbed directly into the ground.

Mr. Nakatani said he agreed with Mr. Roe that we have been chasing this tenant for 3 years now and it had not gone anywhere. At the same time ADC has been criticized about what's being done and why they haven't clamped down on these tenants. He thinks ADC was following what the Board would like to see. ADC has been lenient on the tenants and given them chances, but all good things come to an end. He thinks they should proceed with sending this to the attorney general. If they improve then fine, this was not a termination, it's a warning. The board should go with the staff's recommendation.

Mr. Manuel stated he had a question for the attorney general. The notice gave the tenant until November 24 to cure. If the notice gives them 30 days and they still have 14 days to cure, was this something that the AG recommends we approve now or should action be taken after the 14 days have lapsed, it's a due process question.

Ms. Prescott-Tate responded that would be up to the board.

Mr. Roe explained ADC's thought process was that the license was set to terminate in February 2022, so this was to document the violations. The board can do what it wished to do; this was just to approve the referral to the attorney general. If the inspection shows significant improvement then he would confer with Ms. Prescott-Tate, Mr. Nakatani and Ms. Kaichi to see if the progress was sufficient.

Mr. Nakatani stated that the biggest concern we had was if you don't have liability insurance and when staff does an inspection and there were pesticide containers around the property, a toilet that was plugged straight into the ground, it's a liability on ADC's part. So rather than wait till the license expires and just not renew it, better to take action right now and have them clean up the property. We need to follow the board's recommendation and just put down our foot and not be taken advantage of. Again, it's up to the board but the tenant presents some liability. We should not just wait around.

Chair asked Mr. Roe if the land was productively being farmed in spite of these violations.

Mr. Roe responded that the majority of the property was being actively farmed although he cannot answer to the food safety aspect of the situation. He didn't document it in photographs because he couldn't drive down, but adjacent tenants said that trash was being pushed over the cliff. He saw some evidence of this from the top side but couldn't see how widespread it was.

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Chair asked if there was any further discussion?

Mr. Hong asked Mr. Roe if the pesticides and herbicide applications were following the certification requirements and documentation requirements?

Mr. Roe stated that pesticide enforcement was not part of his inspection, it was HDOA's responsibility. He will contact HDOA to make sure they're aware of it.

Ms. Seddon stated the point to be made was there was too much liability. The way staff had laid this out was a good way to look at it. If they cure in time then fine, actions won't be taken. But it's been too long. Give them till the dates that staff had allowed and if nothing was done then we need to move on.

Chair asked if there was anyone else? If not, was there any objections to the motion? Hearing none, the motion was approved.

Vote: Approved 8-0

4. Request for Approval to Amend License No. LI-PU1807 Issued to George Rapoza to Include Margaret Bush as a Joint Licensee

Motion to Approve: Mr. Hong / Second: Mr. Watanabe

Mr. Nakamoto stated that ADC received a request from Mr. Rapoza to add Ms. Bush onto the license. She's the farm manager and she assisted Mr. Rapoza with the operations.

Chair asked if there were any comments from the public?

Mr. Dalton responded there were none.

Chair asked if there was any discussion.

Hearing none, Chair asked if there were any objections?

Hearing none, the motion was approved.

Vote: Approved 8-0.

5. Request for Approval to Adopt the Tenant Review and Recommendation Committee's Recommendations for Selecting an Applicant for ADC Land License

Motion to Approve: Mr. Hong / Second: Mr. Tabata

Mr. Nakamoto stated the recommendation was to award Malama Aina Collective, 91 gross acres of the Mililani Mauka property. They interviewed several top applicants, most of which have either rejected the land or selected other parcels. The next highest scorer was Malama Aina Collective. They interviewed them. They were willing to accept all 91 acres as well as accept that the property was overgrown, and they would be responsible for all of the infrastructure improvements. That's the recommendation and he was open for questions.

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Chair asked if there was anyone from the public?

Mr. Dalton responded there were none.

Mr. Watanabe stated he supports the recommendation. It was one of the more difficult parcels to get qualified applicants for and they do want to get the lands into production. He asked that the board support the recommendation.

Chair concurred. This was one of the more difficult properties to license and that's why the committee took so long getting it to the board. These people were already farming in Mililani. They have some equipment to do the clearing and they have a plan. He would like the board to support the recommendation.

Chair asked if there was any other discussion?

Mr. Nakamoto stated they were just presenting the Tenant Review Committee's recommendation for adoption. Staff will be coming back at the subsequent meeting for the actual approval and selection.

Chair asked if there was any other discussion or objections. Hearing none, the motion was approved.

Vote: Approved, 8-0.

6. Dissolution of Investigative Agricultural Activity Policy Committee

Motion to Approve: Ms. Evans / Second: Ms. Seddon

No presentation by the staff or comments from the public as this was an administrative matter.

Ms. Shimabukuro-Geiser asked if staff could explain the Investigative Agricultural Activity Policy Committee for the two new members on the board so they understand what was being dissolved.

Mr. Roe stated that during the Fall of last year, Chair Klutke at that time started the committee with the intent of dealing with questions on rent credit, dispositions of land, exactly classifying lands. They quickly found that some of those things were just huge. They eventually narrowed it down to rent credit policy and developing a policy on breaching default and how to handle that. Those policies exist currently in draft form and they have not been submitted to the committee because he just finished it. There's been a lot of back and forth in the office. The audit specifically raised questions about rent credits and ADC's use of them. There were a lot of questions surrounding that. He had something currently, pursuant to the next agenda item, it will be going to that committee for discussion and subsequent presentation to the board.

Chair stated to be clear, the Investigative Agricultural Activity Policy committee lost two of its three members.

Mr. Roe responded that Doug Schenk and Kevin Hopkins left the board. Ms. Seddon was the Chair of that committee and not thrilled with the progress.

Ms. Seddon told Mr. Roe he did everything he could with what they were trying to deal with and what was going on, she appreciated all of Mr. Roe's help, but the situation was too much.

Chair asked if there were any objections. Hearing none the motion was approved.

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Vote: Approved, 8-0

7. Establishment of the Investigative Committee on Agricultural Policy and Strategic Planning; Appointment of Members thereto

Motion to Approve: Mr. Watanabe / Second: Ms. Seddon

Mr. Roe requested that the committee deal with questions that the previous committee was charged with and incorporate questions of strategic planning into the scope as well.

Chair stated that much of the policies were in answer to the auditor's report which were extremely important. He asked if there was anyone from the public that wished to give testimony?

Mr. Dalton said there were none.

Chair asked if there were any questions or discussion?

Ms. Evans said that the scope of having one investigative committee take on both agricultural policy and strategic planning was too large, and she recommended that the Chair appoint two separate investigative committees, one to take on agricultural policy and the other one to take on strategic planning.

Chair agreed and was looking toward doing that. He asked, how do they move forward with the motion?

Ms. Evans suggested that the maker of the motion accept a friendly amendment to request the chair to appoint two permitted action investigative committees; one for agricultural policy and the other for strategic planning.

Mr. Watanabe said he accepted the friendly amendment that the Chair establish an investigative committee on agricultural policy and another committee on strategic planning.

Chair confirmed.

Mr. Nakatani commented that the board was taking on too much by forming two committees. He thinks they should concentrate on the policy issue because that's internal and would help the staff. He's saying this because of conversations with the legislature and going through the legislative hearings with the audit they were hinting at looking at changing the provisions of 163D. All he's saying was that it should be put on hold. If the board decides to do a strategic plan should it be one for agriculture or for ADC or was that the same thing? He thinks the board should concentrate on the policy first and then they can look at agricultural strategies for ADC. Also, as brought out in the audit, ADC may consider hiring a professional to do planning and he's given the board some of the planning documents before and maybe they should follow-up on that. That would be his comment on this.

Chair said the 2021 Strategic plan for Agribusiness Development was not all that bad and he and Ms. Evans spoke and decided maybe to detail it out a little bit more would be satisfactory.

Ms. Evans commented that she agreed with Chair and Mr. Nakatani. The board voted on goals and objectives in a previous meeting and that provided a framework for creating a strategic plan. If the Executive Director felt that the priority should be on agricultural policy to address concerns expressed by the audit, then she would certainly agree to that.

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Chair agreed and stated that Mr. Watanabe needed to change his motion.

Mr. Watanabe amended his previous motion and now makes a motion that the Chair establish an investigative committee on agricultural policy. Ms. Seddon seconded the motion on the amendment.

Chair asked if he appoints the committee members now.

Ms. Prescott-Tate stated that if Chair had names of those who volunteered to go ahead.

Chair named Ms. Seddon, Mr. Hong, himself, and Ms. Evans.

Ms. Evans declined because she was not qualified on agricultural policy, she'll volunteer in advance for the strategic plan committee.

Mr. Hong reminded the Chair that they needed to vote on the motion.

Chair apologized and asked if there were any objections. Hearing none, the motion was approved.

Vote: Approved 8-0

E. Old Business

Staff Response to Information Requested by the Board of Directors at their Meeting on September 29, 2021

Mr. Roe stated there was no presentation. The written information provided in Item E-1 was meant to be purely informational in response to Mr. Gomes requests from the last meeting. On the advice of Ms. Prescott-Tate, when Board members ask staff for information at a public meeting that can't be immediately furnished at that meeting, staff will prepare a written response to the request for information, which will be presented at the next public meeting. All future requests for information that staff can't answer in the meeting will be handled this way.

F. Executive Director's Update

1. Legislature – House Investigative Committee
The House Investigative committee hearings continue. Ms. Prescott-Tate informed him that over 11,000 pages of information had been provided to the committee. Some of the board members have been subpoenaed to testify, Ms. Evans and Mr. Manuel. The committee asked for more information on the Kauai operation, so they have subpoenaed Mr. Scott Enright, Mr. Mike Faye, and Mr. Josh Uyehara to give them an update of the Kekaha Agriculture Association on the 18th and 19th. If anybody wanted to see the previous ADC testimony the links were provided to the board.
2. Galbraith – Fire
Unfortunately, on September 27th there was a brushfire in Wahiawa on the Galbraith property. Schnitzer Steel came out and as you can see by the pictures, they cleaned up the area so there's practically no cars over there.
3. Kekaha - Governor's Executive Orders transferring DOA property to ADC: Sunrise, Pioneer/Corteva, Hartung and Dickinson.

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The land transfer to ADC consisted of mainly the Ag Park and some land makai of the road that runs through Kekaha.

4. Administrative – Land management software procurement update.
The procurement was almost done. This software will help ADC keep track of their lands. It's an expensive contract. Mr. Nakatani asked Chair Shimabukuro-Geiser to assist with expediting the paperwork, which was currently waiting for Governor's approval.

Ms. Shimabukuro-Geiser said she will follow-up with the Governor. She asked Mr. Nakatani if he wanted to let the board know that he was giving an update to the Board of Agriculture (BOA) at their next meeting.

Mr. Nakatani responded that part of the audit request was that ADC provide an update to the BOA. He will show the BOA the presentation that was presented to the House investigative committee. He said links to the video on Galbraith and Kekaha were also provided to the BOA board members to view ahead of time. He also sent copies of the newsletters. The presentation will show BOA what ADC had accomplished so far this year. The meeting was on November 30th.

Ms. Shimabukuro-Geiser confirmed the meeting was on November 30th at 9:00 a.m. She said that ADC board members were welcome to join.

Mr. Nakatani stated that he forgot to mention that he volunteered to be part of the landfill committee to find a site on Oahu for a landfill. He wanted to learn more about landfills and how it related to agriculture since the landfill on Kauai will probably be on ADC lands.

Chair asked about the land transfer in Kekaha. He asked who was on the land and why it was being transferred to ADC?

Mr. Nakatani responded that the conversation regarding the transfer happened under Scott Enright when he was BOA Chairperson. He thinks it has something to do with electrical power but he's not really sure. He said basically the Ag park and Hartung lots under HDOA were coming over to ADC.

Chair stated, then basically it's the larger tenants not the small farmers.

Mr. Nakatani responded, the large farmers, the shrimp farm. The Ag park was 100+ acres and he believed one of the research centers was coming over to ADC too. He's not sure exactly which properties but he can provide the map.

Chair asked if there were any other questions or comments?

Ms. Shimabukuro-Geiser said, just a friendly reminder/offer for Mr. Nakatani and his staff to work with HDOA to help guide the licensees to the resources that were available. HDOA can provide a library of links to all their programs so the licensees will know who the proper manager/administrator/specialist were for certain things. HDOA will work with ADC's property management to provide a "go to" list for ADC's licensees. Sharing of information would be most helpful for ADC tenants. It's just so the licensees know who to contact for marketing, loans, invasive species, pesticides; not taking it for granted that the licensee knows who to contact and try to figure it out themselves. She's just made an offer of support to Mr. Nakatani and the staff.

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Mr. Nakatani thanked her.

Chair also thanked her and said it would be really helpful especially with new tenants coming on, it's a good beginning.

Ms. Shimabukuro-Geiser agreed that the sharing of information and communication can always be improved.

Mr. Roe stated that he does share items that he gets through HDOA, but that information can probably be deepened.

G. Adjourn

Chair called for a motion to adjourn: Mr. Watanabe / Second: Ms. Seddon

Hearing no objection, the motion was approved. Meeting adjourned at 3:20 p.m.

Respectfully Submitted,

Lynette H. Marushige
Secretary



ITEM D-3

STATE OF HAWAII
AGRIBUSINESS DEVELOPMENT CORPORATION

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

January 26, 2022

Subject: Request for Approval to Issue a Land License to Hanahanapuni Farm for 259 Acres, More or Less, of Unit L in Kalepa, Kauai, Tax Map Key (4) 3-9-002:001 (por)

Applicant: Hanahanapuni Farm, a general domestic partnership

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

Area: 259 gross acres, more or less

Field No(s): Unit L

Tax Map Key: (4) 3-9-002:001

Land Status: Set aside by the Governor's Executive Order No. 4328 and 4401 to the Agribusiness Development Corporation for Agricultural and Related Purposes

Trust Land Status: Ceded land under Section 5(b) lands of the Hawaii Admission Act
Yes No

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

Character of Use: Pastural/Diversified Agriculture

Land Doc. Type: License

Term: 3 years

Rental Rate: Pastural \$30 per acre per year
Orchard \$30 per acre per year
Diversified Ag \$100 per acre per year

BACKGROUND:

Kenneth Bray acquired a revocable permit from the Department of Land and Natural Resources ("DLNR") in 1999 for 287 acres, more or less, of Unit L. He began by clearing the arable portion of the property of sugarcane left behind from Lihue Plantation, after which he began planting crops such as cucumber, bok choy, taro, and sweet potatoes.

In 2002, nine head of cattle were purchased; two years later, twenty-four head of cattle were sold. In 2009, sisters Ginger and Cholena Bray took over the management of the parcel.

Pursuant to the Governor's Executive Order setting aside the Kalepa property to the Agribusiness Development Corporation ("ADC") and the agreement to grant 1000 acres (split between all units) to Green Energy Team, a new revocable permit ("RP") was issued in 2010 for 259 acres, more or less, of Unit L (see "Exhibit A"). In July 2013, the ADC Board approved the issuance of a 35-year license. As the license was being drafted, Ginger and Cholena Bray requested to amend their application to change the licensee name to Hanahanapuni Farm (the "Applicant"). The Board approved the license with updated changes at their meeting on April 24, 2019. That license was never executed due to continued disagreements regarding acreage. Due to retirements and staff changes, the license was handed off to ADC's property manager in 2021. Applicant currently utilizes the Premises under holdover status of the DLNR RP.

LAND REQUEST:

The request is for a 3-year land license for 259 gross acres (99 tillable acres; 160 un-tillable acres) of Unit L for pastoral, orchard, and diversified agriculture purposes.

WATER NEEDS AND SOURCE OF WATER:

The Premises is bound by the North Fork Wailua River to the north, however, Applicant has not secured water rights for access.

OPERATIONAL PLAN:

Operational plan includes various portion of the property to be used for diversified crops, livestock production, orchard crops, and perhaps hemp production (see "Exhibit B")

CONSERVATION PLAN:

On November 29, 2021, applicant stated that conservation planning with NRCS through USDA's EQUIP program had been initiated and that planning would commence in January 2022.

DISCUSSION:

Discussion and negotiations of this license and its terms have waxed and waned over the course of a decade. In the interest of placing the tenants under proper license, staff believes it is appropriate to issue a short-term license and provide the applicants the opportunity to get the premises into production. During a site visit on April 9, 2021 with Ginger Bray and Kenneth Bray present, staff observed an un-approved (by ADC) and un-permitted (by County of Kauai) structure and remarkably little agricultural development to show for the approximately 22 years they have occupied the Premises. At the conclusion of the 3-year license, staff will evaluate whether or not the licensee has

been a good steward of the land and the opportunity provided to them and the Board will determine whether license renewal is warranted.

RECOMMENDATION:

Staff recommends that the Board rescind prior Board approvals of July 24, 2013 to Cholena & Ginger Bray, and of April 24, 2019 to Hanahanapuni Farm; and approve the issuance of a land license for 259 gross acres, more or less, of Unit L, subject to the following conditions:

1. The license term shall be for three years;
2. Rent shall be \$100/acre/year for diversified agriculture, \$30/acre/year for pastoral and orchard use, and \$1/acre/year for the un-tillable portions of the property;
3. Staff shall have the right to amend the tillable and un-tillable acreage pending confirmation of more accurate acreage measurements by either the soil conservation planner or a licensed surveyor;
4. Tenant shall obtain a license to grow hemp from United States Department of Agriculture prior to the planting and cultivation of any hemp on the Premises;
5. Tenant shall secure an approved and fully executed conservation plan within one year of the effective date of the license;
6. Tenant shall request approval from ADC and thereafter procure appropriate permitting for any structures currently existing on the premises within 2 years of the effective date of the license;
7. No further structures shall be constructed without the express approval of ADC's Board;
8. Any renewal request at the close of the license term shall be evaluated based on satisfactory conformance with the terms of the license, full implementation of the utilization plan, having obtained the appropriate approval and permits for existing structures, and having obtained and fully implemented an approved soil conservation plan;
9. All other standard license terms and conditions shall apply.

Respectfully Submitted,

.. 

James J. Nakatani
Executive Director

EXHIBIT A

Parcel Map, Unit L

[see map on following page]

Iliiliula North Wailua Ditch ADC Kalepa Land Unit Map

EXHIBIT A

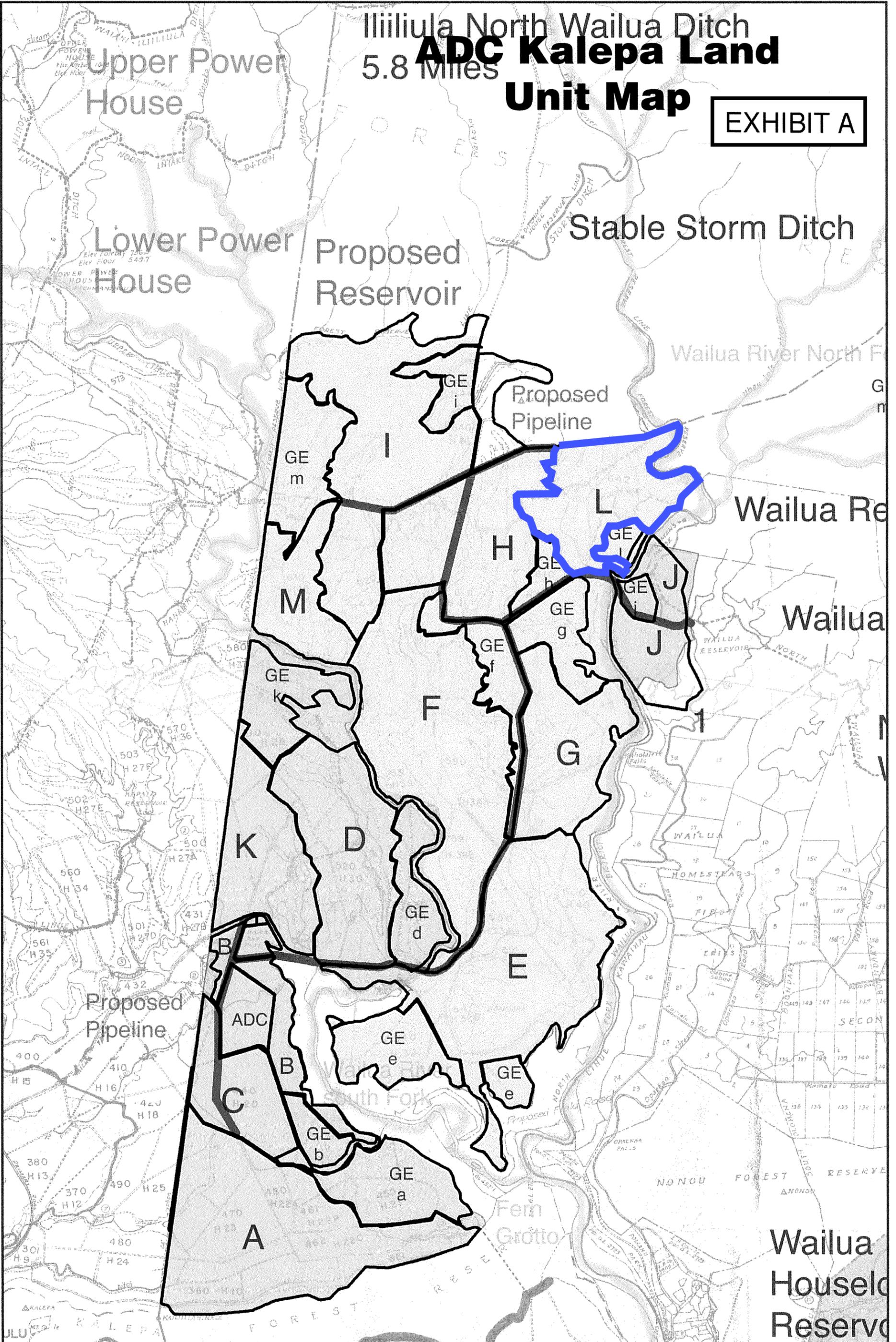


EXHIBIT B

Applicant's Utilization Plan

[see following pages]

Hanahanapuni Farm (Unit L- Kalepa Coalition)

3 Year Utilization Plan

January 16, 2022

Section A: 6.86 acres

Dwarf Samoan Coconuts Grove

- 20 ft spacing between trees
- Harvest Time: 4 to 6 years
- Yield per tree: 50 to 150 nuts
 - ✓ Need to clear area of Albizia trees

Section B: 6.70 acres

5 acres: Apple Bananas & Williams Bananas

- 7ft x 5ft
- Harvest Time: 9 to 12 months
- Yield per tree: 1 bunch

.70 acre: Animal Husbandry

- Farm dogs- pig eradication and catch food for subsistence
- 10 egg layer Hens

.50 acre: Hawaiian Chili Peppers

- 12 – 18 in apart
- Harvest Time: 4 to 6 months
- Yield per tree: 200 peppers aprx

.50 acre: Shishito Peppers

- 18 – 24 in apart
- Harvest Time: 3 to 6 months
- Yield per tree: 12 peppers aprx

Section C: 4.09 acres

3 acres: Norfolk Pine Christmas Trees

- 5ft x 5ft in 16 tree blocks
- 10ft roadway between
- Harvest Time: 3 to 4 years+ (aprx 6ft)

1.09 acres: Industrial Hemp- Yuma Strain

- Harvest time: 4 months
 - ✓ Need to submit application for cultivation

Section D: 5.56 acres

Mixed Agroforestry (pending NRCS EQUIP program acceptance in January 2022)

- Overstory- assorted trees
- Understory- assorted trees & plants
- Shrubs- assorted plants
 - ✓ Plantings will be determined with Conservationist approval

Section E: 33.33 acres

5.33 acres: Assorted Ti leaves (along Unit L ditch line boundary, egress from Hanahanapuni Crater swamp land; need to clear area and fence off)

28 acres: Designated to Green Energy Team

Section F: 1.26 acres

To be determined: need to clear area of Albizia trees

Section G: 9.11 acres

Mixed Agroforestry (pending NRCS EQUIP program acceptance in January 2022)

- Overstory- assorted trees
- Understory- assorted trees & plants
- Shrubs- assorted plants
 - ✓ Plantings will be determined with Conservationist approval
 - ✓ Within this 9.11 acres there is an existing orchard consisting of assorted trees: Soursoup, Noni, Banana, Starfruit, Lemon, Lime, Tangelo, Mango, Ulu, Acerola Cherry, Purple Star Apple, Longan, Avocado, Marungay, and Mountain Apple.

Section H: 11.54 acres

Cattle

- Purchase cattle to start herd; rotate grazing between Sections H, I, and K.
- Need to clear area of Albizia trees

Section I: 14.12 acres

Cattle

- Rotate grazing between Sections H, I, and K.

Section J: 5.35 acres

To be determined: need to clear area of Albizia and Hau trees

Section K: 6.09 acres

Cattle

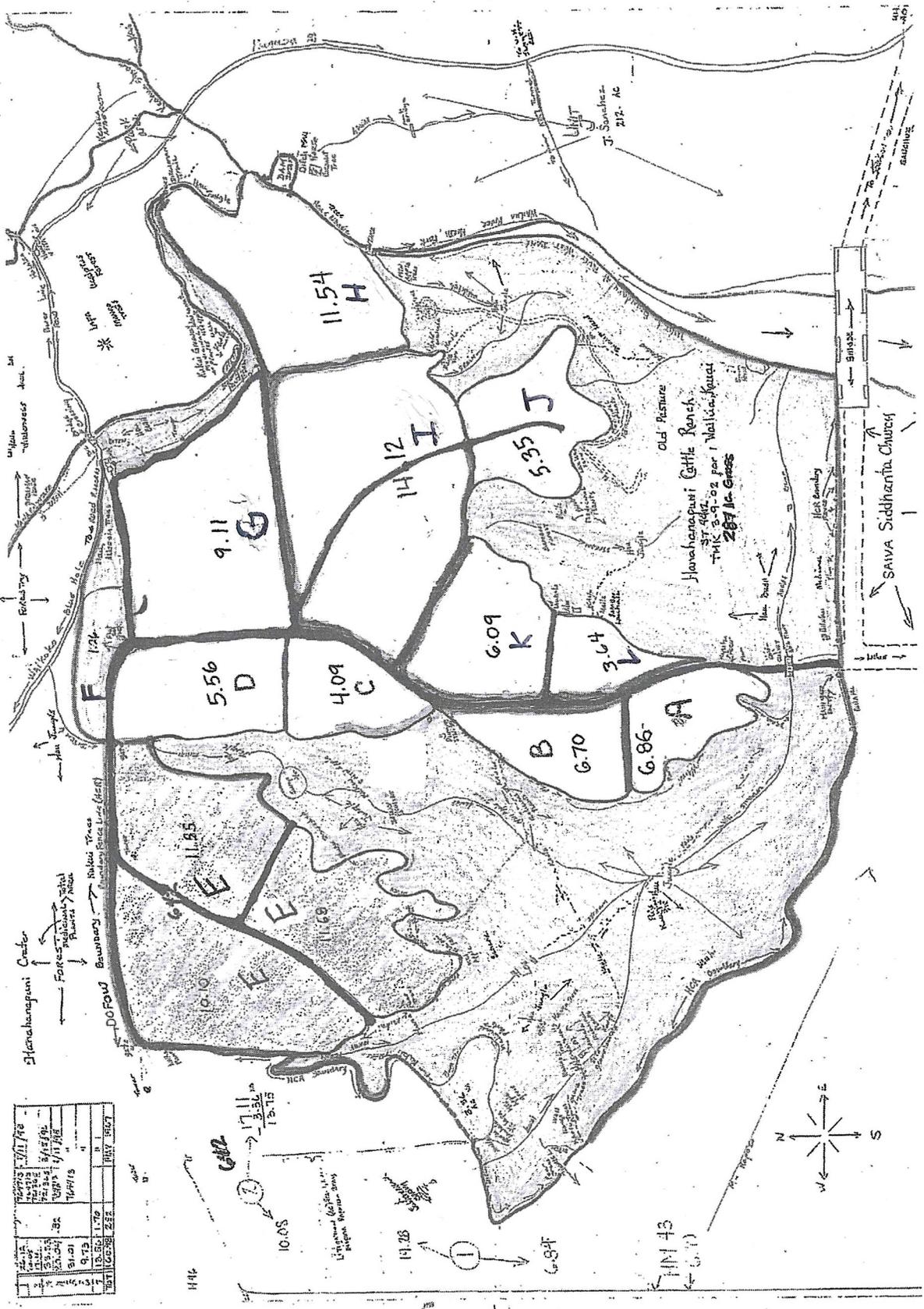
- Rotate grazing between Sections H, I, and K.

Section L: 3.64 acres

Nursery stock area

Handanapuri Farm

MAP OF UNIT "L"



Station	Angle	Distance	Bearing
1	115° 15'	10.00	N 15° E
2	105° 00'	11.85	N 15° E
3	105° 00'	11.85	N 15° E
4	105° 00'	11.85	N 15° E
5	105° 00'	11.85	N 15° E
6	105° 00'	11.85	N 15° E
7	105° 00'	11.85	N 15° E
8	105° 00'	11.85	N 15° E
9	105° 00'	11.85	N 15° E
10	105° 00'	11.85	N 15° E
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54	105° 00'	11.85	N 15° E
55	105° 00'	11.85	N 15° E
56	105° 00'	11.85	N 15° E
57	105° 00'	11.85	N 15° E
58	105° 00'	11.85	N 15° E
59	105° 00'	11.85	N 15° E
60	105° 00'	11.85	N 15° E
61	105° 00'	11.85	N 15° E
62	105° 00'	11.85	N 15° E
63	105° 00'	11.85	N 15° E
64	105° 00'	11.85	N 15° E
65	105° 00'	11.85	N 15° E
66	105° 00'	11.85	N 15° E
67	105° 00'	11.85	N 15° E
68	105° 00'	11.85	N 15° E
69	105° 00'	11.85	N 15° E
70	105° 00'	11.85	N 15° E
71	105° 00'	11.85	N 15° E
72	105° 00'	11.85	N 15° E
73	105° 00'	11.85	N 15° E
74	105° 00'	11.85	N 15° E
75	105° 00'	11.85	N 15° E
76	105° 00'	11.85	N 15° E
77	105° 00'	11.85	N 15° E
78	105° 00'	11.85	N 15° E
79	105° 00'	11.85	N 15° E
80	105° 00'	11.85	N 15° E
81	105° 00'	11.85	N 15° E
82	105° 00'	11.85	N 15° E
83	105° 00'	11.85	N 15° E
84	105° 00'	11.85	N 15° E
85	105° 00'	11.85	N 15° E
86	105° 00'	11.85	N 15° E
87	105° 00'	11.85	N 15° E
88	105° 00'	11.85	N 15° E
89	105° 00'	11.85	N 15° E
90	105° 00'	11.85	N 15° E
91	105° 00'	11.85	N 15° E
92	105° 00'	11.85	N 15° E
93	105° 00'	11.85	N 15° E
94	105° 00'	11.85	N 15° E
95	105° 00'	11.85	N 15° E
96	105° 00'	11.85	N 15° E
97	105° 00'	11.85	N 15° E
98	105° 00'	11.85	N 15° E
99	105° 00'	11.85	N 15° E
100	105° 00'	11.85	N 15° E

Access Roads
Fenceline



STATE OF HAWAII
AGRIBUSINESS DEVELOPMENT CORPORATION

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

January 26, 2022

Subject: Request for Approval to Issue a Land License to the University of Hawaii, College of Tropical Agriculture and Human Resources for Weather Recording Purposes in Central Oahu, Tax Map Key (1) 6-4-003-016 (por)

Applicant: University of Hawaii, College of Tropical Agriculture and Human Resources

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

Area: 0.19 acres, more or less

Field No(s): Undesignated

Tax Map Key: (1) 6-4-003-016

Land Status: Acquired in fee by the Agribusiness Development Corporation in 2017

Trust Land Status: Ceded land under Section ___ lands of the Hawaii Admission Act
Yes ___ No

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

Character of Use: Agronomic

Land Doc. Type: License

Term: 3 years; 1 option to extend for an additional 3 years with mutual agreement

Rental Rate: \$0 per acre per year
Annual Rent: \$0

BACKGROUND:

In 2017, the Agribusiness Development Corporation ("ADC") purchased the subject parcel (the "Property") from Dole Food Company

In June 2019, ADC issued a Right-of-Entry Agreement to Costco Wholesale Corporation ("Costco") for access to a portion of the Property to conduct due diligence for a farming project. Permitted activities included, among other things, the gathering weather and pest data. By December 2019, Costco had erected a weather/environment data

collection station (“weather station”) (see “Exhibit B”) on the premises and had begun collecting data.

However, in July 2020, Costco suspended their due-diligence efforts due to the impacts of COVID-19 pandemic on their growing partners. They subsequently transferred ownership of the weather station to the University of Hawaii, College of Tropical Agriculture and Human Resources (“CTAHR”). CTAHR has continued to operate the weather station and maintain the immediate premises (the “Premises”) (see “Exhibit A”).

LAND REQUEST:

ADC and CTAHR request the Board approve a 3-year land license for continued access to the Premises for the purpose of operating and maintaining the weather station and the immediate premises.

WATER NEEDS AND SOURCE OF WATER:

There are no water needs for this disposition.

OPERATIONAL PLAN:

Data collected by the weather station is transmitted by satellite uplink. As such, there is very little site activity other than the occasional inspection and calibration of the equipment, and site maintenance including mowing and weed control.

CONSERVATION PLAN:

Due to the nature of the activities on the Premises, no conservation plan is required.

DISCUSSION:

While this license would generate no income for ADC, it has and will continue to provide valuable weather and environmental data for the location which will be shared with our tenants. The Premises is adjacent to lands recently approved to be licensed to Cedar Grove Hawaii LLC for agricultural production. The weather station site is fenced and includes a small buffer zone to maintain separation from anticipated future agricultural activities.

RECOMMENDATION:

Staff recommends that the Board approve the issuance of a land license to the University of Hawaii, College of Tropical Agriculture and Human Resources, subject to the following conditions:

1. Rents shall be waived for the term of the license and any extension period;
2. CTAHR shall maintain a policy of commercial general liability or provide evidence of self-insurance in the same amount for the Premises at all times;
3. Upon expiration of the initial 3-year term, CTAHR shall have one option to extend for an additional 3-year term, subject to ADC Board approval;

4. CTAHR shall coordinate access to the Property through its Premises with Cedar Grove Hawaii LLC, or any other entity as approved by ADC.

Respectfully Submitted,



James J. Nakatani
Executive Director

EXHIBIT A

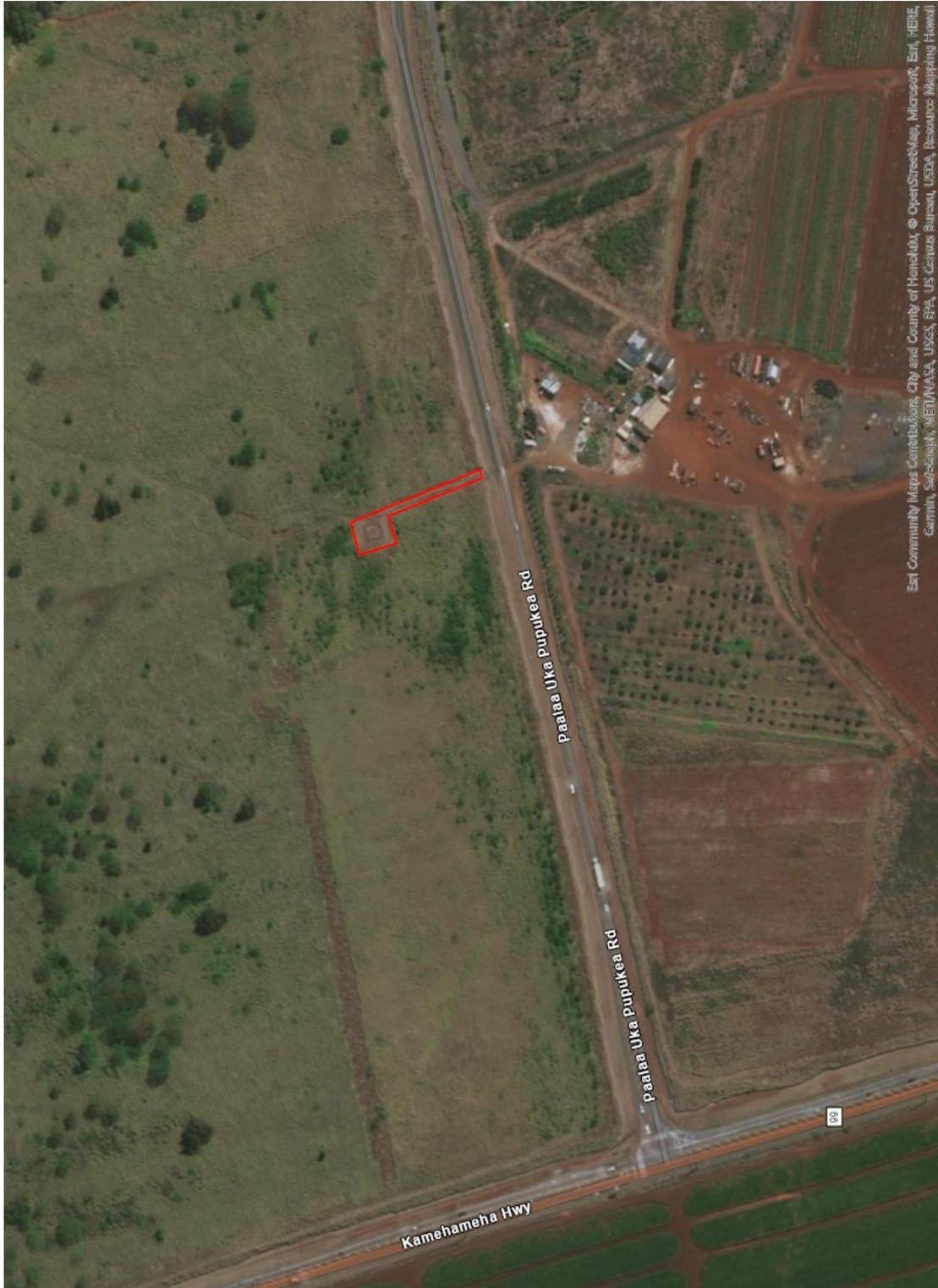


EXHIBIT B





ITEM D-5

STATE OF HAWAII
AGRIBUSINESS DEVELOPMENT CORPORATION

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

January 26, 2022

Subject: Update Related to a "Notice of Violation" by City and County of Honolulu, Department of Planning and Permitting for "two dwelling structures constructed on property without the required building permit" Located on Premises Licensed to William H. Wise III dba Waihii Farms and Kalama Hardwood LLC

Licensee: William H. Wise III dba Waihii Farms and Kalama Hardwood LLC (LI-WM1505)

Authority: N/A

Area: 16 acres, more or less

Field No(s).: Undesignated

Tax Map Key: (1) 7-1-002-004

Land Status: Acquired in fee by the Agribusiness Development Corporation in 2015

Trust Land Status: Ceded land under Section ___ lands of the Hawaii Admission Act
Yes ___ No

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

Character of Use: Agricultural/Commercial

Land Doc. Type: License

Term: 35 years (currently in year 7)

Rental Rate: \$850 per month
Annual Rent: \$10,200

BACKGROUND:

In 2015, the Agribusiness Development Corporation ("ADC") purchased the subject parcel (the "Property") from Dole Food Company, Inc. ("Dole") The acquisition included that certain "Assignment and Assumption of Lease" agreement dated February 26, 2015 in which ADC accepted the assignment of then Dole lessees on the Property, one of whom was the subject licensee.

In September 2015, ADC issued a Revocable Permit to William H. Wise III dba Waihii Farms for the subject Premises (see "Exhibit A") for agricultural purposes. In December 2015, ADC issued a land license for 35 years for the same Premises and for the same purpose to Mr. Wise.

In November 2018, ADC and Mr. Wise amended the license to include "William H. Wise III dba Waihii Farms and Kalama Hardwood LLC" (hereinafter "Licensee").

On November 11, 2021, ADC received a "Notice of Violation" (see "Exhibit B") from the City and County of Honolulu, Department of Planning and Permitting ("DPP") for "two dwelling structures constructed on the property without the required building permit," and "a triple fee penalty shall be assessed for starting work without the required building permit." Staff followed up with the Licensee upon receiving the notice, however, Licensee subsequently appears not to have known that the violation involved structures on his Premises. On or about December 10, 2021, staff again followed up with the Licensee to discover that nothing had been addressed. After confirming with DPP staff that the violations were indeed in regard to structures on the Licensee's Premises, staff confirmed with Mr. Wise who is now working with DPP to obtain the proper permits for the structures. Fines will accrue until a permit is issued.

DISCUSSION:

The structures in question, which are estimated to have been built in the 1940s or 50s by Dole, were existing structures when ADC purchased the property. Licensee has been paying both personal and agricultural property taxes on the subject premises. However, it appears the structures in question were constructed without the appropriate permits. The Licensee is working with DPP to obtain the requisite permits for the structures. The Notice of Violation was issued to ADC and staff believes it is in the agency's best interest to pay the fine. At this time, staff does not feel it is appropriate to pass on the cost to the Licensee. Once final fines are determined and assessed, staff will develop a request to the Board for approval to pay the fines.

RECOMMENDATION:

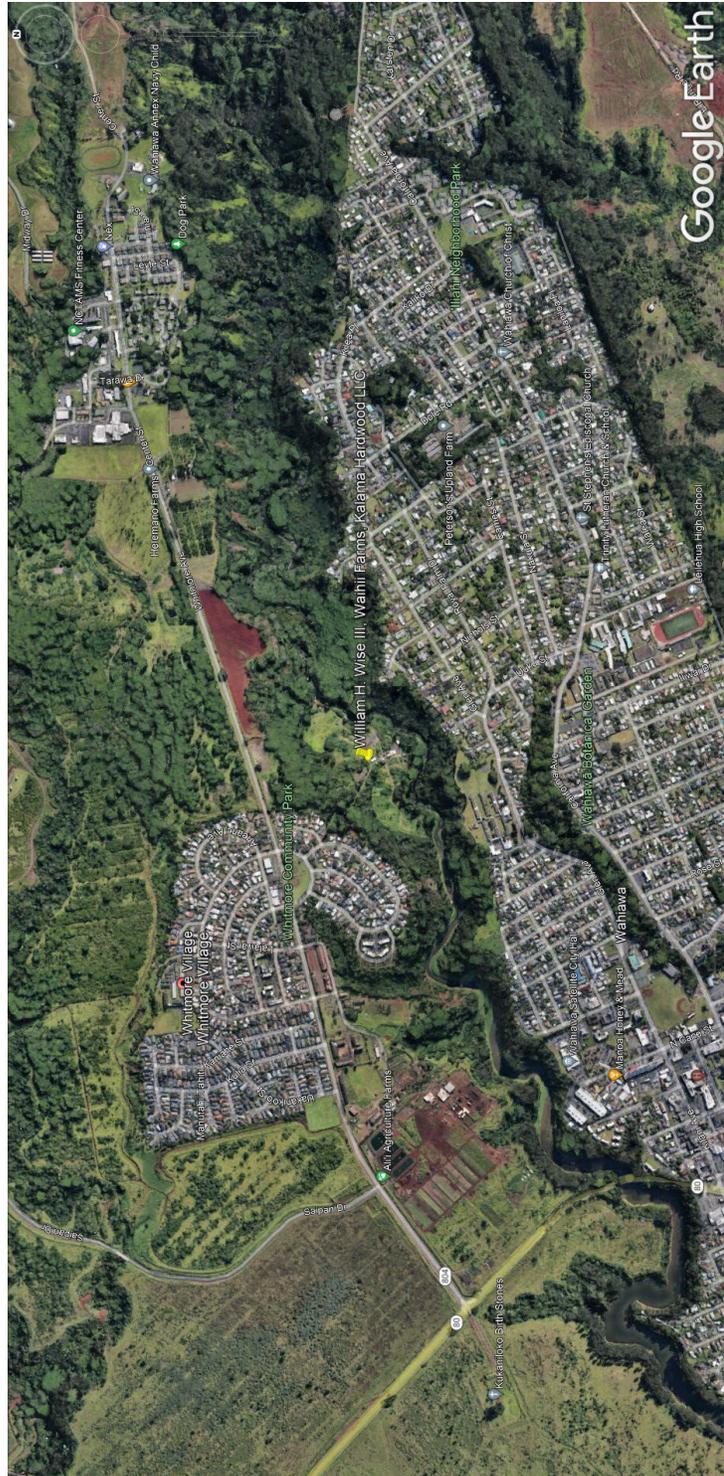
For the purpose of this update, staff has no recommendations at this time.

Respectfully Submitted,

.. 

James J. Nakatani
Executive Director

EXHIBIT A



Update Related to a "Notice of Violation" by City and County of Honolulu, Department of Planning and Permitting for "two dwelling structures constructed on property without the required building permit" Located on Premises Licensed to William H. Wise III dba Waihii Farms and Kalama Hardwood LLC
January 26, 2022
Page 4 of 4

EXHIBIT B

"Notice of Violation"
[see following pages]



REC. 11/12/2021
 from Lynette +
 Lyle

AGRI-BUSINESS DEVELOPMENT CORPORATION

Notice of Violation

NOV 12 10:14

Violation No.: **2021/NOV-11-011 (BV)**

Date: **November 10, 2021**

Owner(s)

Helemano Farms, LLC
 101 Nakeke Place
 Wahiawa, Hawaii 96786

Christmas trees

Wise, William
 346 Circle Mauka Place
 Wahiawa, Hawaii 96786

Agribusiness Development Corporation, State of Hawaii
 Attn: James J. Nakatani, Exec. Director
 235 South Beretania 205
 Honolulu, Hawaii 96813

The Davey Tree Expert Company
 1500 North Mantua Street
 Kent, Ohio 44240

Andros Engineering Corporation
 4285 Second Wind Way
 Pas Robles, California 96446

revised office by ADC Wahiawa office

Kalama Hardwood, LLC
 346 Circle Mauka Place
 Wahiawa, Hawaii 96786

Whitmore Economic Development Group
 Attn: Patricia Ulloa-Curcio
 1000 Hoihoi Avenue
 Wahiawa, Hawaii 96786

<u>Contractor(s)</u>	<u>Tenant/Violator</u>	<u>Architect/Plan Maker</u>
<u>Lessee</u>	<u>Agent</u>	<u>Engineer</u>

TMK: **7-1-002:004**

I have inspected the above-described premises and have found the following violations of City and County of Honolulu's laws and regulations governing same:

Codes and/or Ordinance(s) and Section(s)	Violation(s)
ROH 1990, as amended, Chapter 18 Section 18-3.1	Two dwelling structures constructed on property without the required building permit.
ROH 1990, as amended, Chapter 18 Section 18-6.2 (d)	A triple fee penalty shall be assessed for starting work without the required building permit.

You are hereby ordered to obtain permit(s) and/or correct violation by **December 10, 2021**. Please call the undersigned after the corrections have been made.

You are reminded that if no action is taken within the specified time:

1. A Notice of Order will be issued by the Department of Planning and Permitting imposing CIVIL FINES for the specified violations; and/or
2. This matter may be referred to the Prosecuting Attorney and/or Corporation Counsel for appropriate action.

Special Instructions: Obtain the required building permit. If a permit cannot be obtained, the two dwelling structures must be removed and the site must be restored to its previously approved condition within the time specified herein.

Inspector

Leon Riel

Phone: 768-3101

for the Director Department of Planning and Permitting



STATE OF HAWAII
AGRIBUSINESS DEVELOPMENT CORPORATION

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

January 26, 2022

Subject: Request for Approval to Pay Fines Related to a "Field Citation" Issued by State of Hawaii, Department of Health, Wastewater Branch for "unauthorized wastewater system" Located on Premises Licensed to William H. Wise III dba Waihii Farms and Kalama Hardwood LLC

Licensee: William H. Wise III dba Waihii Farms and Kalama Hardwood LLC (LI-WM1505)

Authority: Section 163D-4(a)(18), Hawaii Revised Statutes

Area: 16 acres, more or less

Field No(s).: Undesignated

Tax Map Key: (1) 7-1-002-004

Land Status: Acquired in fee by the Agribusiness Development Corporation in 2015

Trust Land Status: Ceded land under Section ___ lands of the Hawaii Admission Act
Yes ___ No X

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

Character of Use: Agricultural

Land Doc. Type: License

Term: 35 years (currently in year 7)

Rental Rate: \$850 per month
Annual Rent: \$10,200

BACKGROUND:

In 2015, the Agribusiness Development Corporation ("ADC") purchased the subject parcel (the "Property") from Dole Food Company, Inc. ("Dole") The acquisition included that certain "Assignment and Assumption of Lease" agreement dated February 26, 2015

in which ADC accepted the assignment of then Dole lessees on the Property, one of whom was the subject licensee.

In September 2015, ADC issued a Revocable Permit to William H. Wise III dba Waihii Farms for the subject Premises (see "Exhibit A") for agricultural purposes. In December 2015, ADC issued a land license for 35 years for the same Premises and for the same purpose to Mr. Wise.

In November 2018, ADC and Mr. Wise amended the license to include "William H. Wise III dba Waihii Farms and Kalama Hardwood LLC" (hereinafter "Licensee").

On November 11, 2021, ADC received a "Notice of Violation" from the City and County of Honolulu, Department of Planning and Permitting ("DPP") for "two dwelling structures constructed on the property without the required building permit," and "a triple fee penalty shall be assessed for starting work without the required building permit." Staff followed up with the Licensee upon receiving the notice, however, Licensee subsequently appears not to have known that the violation involved structures on his Premises. On or about December 10, 2021, staff again followed up with the Licensee to discover that nothing had been addressed. After confirming with DPP staff that the violations were indeed in regard to structures on the Licensee's Premises, staff confirmed with Mr. Wise who is now working with DPP to obtain the proper permits for the structures. Fines will accrue until a permit is issued.

On December 17, 2021, ADC received a "Field Citation" (see "Exhibit B") from the State of Hawaii, Department of Health, Wastewater Branch ("DOH") for the installation of septic tank and cesspool without approval and without record. A fine of \$600 was assessed due within 20 days of issuance of the citation. ADC sought an extension to January 31, 2021, due to the timing of the Board meeting, which was granted (see "Exhibit C").

Licensee is currently working with DOH and contractors to bring the cesspools and septic system into compliance City and County of Honolulu ordinances, and obtain approval therefor.

REQUEST:

Approval to pay fines pursuant to the "Field Citation" from the State of Hawaii, Department of Health, Wastewater Branch for the unapproved cesspool and septic system in the amount of \$600.

DISCUSSION:

According to the Licensee, the cesspools were in existence when he took license to the property. However, Licensee notes that he, with the assistance of a family member, installed the septic system which was not approved by DOH. Licensee is working with contractors at this time to eliminate one cesspool, covert the other cesspool to an approved septic system, and obtain DOH approval for the system. The Field Citation

was issued to ADC and staff believes it is in the agencies best interest to pay the fine. Pending further research and investigation, staff believes it may be appropriate to bill the Licensee for this fine.

RECOMMENDATION:

Staff recommends that the Board approve the payment of fines related to the "Field Citation" issued by the State of Hawaii, Department of Health, Wastewater Branch in the amount of \$600, subject to the following condition(s):

1. Pending further investigation, staff may determine that it is appropriate to bill Licensee for the cost of the fine from DOH, and subsequently bill Licensee for such.

Respectfully Submitted,



James J. Nakatani
Executive Director

Request for Approval to Pay Fines Related to a "Field Citation" Issued by State of Hawaii, Department of Health, Wastewater Branch for "unauthorized wastewater system" Located on Premises Licensed to William H. Wise III dba Waihii Farms and Kalama Hardwood LLC
January 26, 2022
Page 5 of 6

EXHIBIT B

"Field Citation"

[see following pages]

STATE OF HAWAII
DEPARTMENT OF HEALTH
WASTEWATER BRANCH

TO:	Agribusiness Development Corporation)	DOCKET NO. 21-WW-4992-FC-01
)	
ADDRESS:	850 Whitmore Avenue)	FIELD CITATION
	Wahiawa, Hawaii 96786)	
)	UNAUTHORIZED WASTEWATER SYSTEM (IWS)
)	

FIELD CITATION

- A. The Department of Health (Department), State of Hawaii, finds that for the property at [REDACTED], and identified as TMK: 1-7-1-002:004, on December 3, 2021:
1. You are a person or owner who has constructed, modified, or used an individual wastewater system there without approval by the director, in violation of §11-62-08(b) or §11-62-31.1(f), Hawaii Administrative Rules (HAR);
 2. William Wise III, etal, is leasing the property from the State of Hawaii, Department of Agriculture (DOA), Agribusiness Development Corporation;
 3. William (Bill) Wise lives in a dwelling as two (2) separate structures painted blue and green. According to Bill, the green structure has a bathroom and kitchen, and wastewater is disposed in a cesspool;
 4. A green structure elevated on stilts has a bathroom and kitchen. According to Bill, no one lives in the dwelling which is used currently as a showroom for wood. Wastewater from the bathroom and kitchen is disposed in a cesspool;
 5. There is an unpainted wooden structure used as a dwelling that is occupied by Bill's son. According to Bill, the dwelling has a bathroom and kitchen, and wastewater is disposed in a septic tank. The septic tank with leach field was installed by the father-in-law of Bill's son and was not approved by the Department; and
 6. The Department does not have cesspool cards on file for the property. The cesspools noted in 3 and 4 above are open pits with log beams and corrugated steel sheets placed over the top of the pits.

- B. You are assessed the following penalties for the violation(s):
1. Six hundred dollars (\$600.00) for the first violation of §11-62-31.1(f), HAR. The penalty fee of two hundred dollars (\$200.00) is applied for each cesspool and the septic tank.
- C. You may accept this citation by:
1. Signing and dating this field citation on the lines below;
 2. Paying the full amount assessed by this field citation. Payment shall be by cashier's check or money order made payable to the State of Hawaii;
 3. Mailing or delivering the signed field citation and full payment to the Wastewater Branch, 2827 Waimano Home Road, Room 207, Pearl City, Hawaii 96782; and
 4. The Department must receive this signed field citation and full payment within twenty (20) days after you receive this field citation.
- D. By signing this field citation, you agree to:
1. Give up your right to contest the violation or the field citation in a contested case hearing under Hawaii Revised Statutes (HRS) chapter 91 or 342D, or in court;
 2. Pay the **\$600.00** penalty assessed;
 3. Correct your violations; and
 4. Within twenty (20) days upon receipt of this field citation, submit to the Department a letter explaining what has been or will be done including a timeframe to comply with item no. 3. The Department will initiate further enforcement action if a written response to correct the violation is not submitted within twenty (20) days.
- E. This field citation offers to settle a case for a specific violation at a specific place on a specific day. If you do not accept this field citation in compliance with part C, then:
1. This field citation will be withdrawn;
 2. The Director of Health may seek any remedies available under chapter 11-62, HAR, and chapters 321, 322, 342D, HRS or any other law, including civil or administrative penalties of up to \$25,000.00, for the violation cited above; and

- 3. You will have a right to contest the violation and the remedies. The director always retains his authority to seek any available remedies, for all violations not cited above. This field citation is issued under chapter 11-62, HAR, and chapters 321, 322, and 342D, HRS.

- F. The fact that your tenants may also have duties and the fact that you may have private contractual rights against the tenants does not relieve you from your obligation to meet regulatory requirements. You have the responsibility to maintain a working wastewater system as required by chapter 11-62, HAR.

- G. Should you have questions, please contact Mr. Carl Ibaan at (808) 596-4294.

Mark S. Tomomitanu _____ *for*
 SINA PRUDER, P.E., CHIEF
 Wastewater Branch

Date: Dec 17, 2021

ACCEPTED: _____
 Signature

Date: _____

Print Name: _____

**CERTIFIED MAIL NO. 7021 0350 0001 7984 0975
 RETURN RECEIPT REQUESTED**

Cl:ju

c: Mr. Dale Sakata, DAG (via email)

EXHIBIT C

DOH Extension of Time Letter

[see following pages]

DAVID Y. IGE
GOVERNOR OF HAWAII



ELIZABETH A. CHAR, M.D.
DIRECTOR OF HEALTH

STATE OF HAWAII 2021 JAN -7 1P 1:23
DEPARTMENT OF HEALTH
P. O. BOX 3378
HONOLULU, HI 96801-3378

In reply, please refer to:
File:

4992Extension_CAP

December 28, 2021

Agribusiness Development Corporation
235 S. Beretania Street, #205
Honolulu, Hawaii 96813

Dear Sir/Madam:

Subject: Corrective Action Plan and Penalty Fee
Field Citation Docket No. 21-WW-4992-FC-01
[REDACTED]
TMK: (1) 7-1-002-004

The Department of Health (Department) issued the subject field citation on December 17, 2021 and required the submittal of the corrective action plan within twenty (20) days upon receipt of the field citation. The field citation also included a penalty fee of \$600.00.

Ms. Delanie Prescott-Tate, Deputy Attorney General for Agribusiness Development Corporation, via telephone call on December 21, 2021, requested an extension to accept the field citation and submit the corrective action plan (CAP) after twenty (20) days. As discussed with Department staff, a board meeting will be held at a date after the twenty (20) days to discuss the situation with Mr. William Wise, lessee of the subject property. The Department grants the extension to submit the CAP by **January 31, 2022**.

If you have any questions, please call Mr. Carl Ibaan of my staff at (808) 586-4294.

Sincerely,

SINA PRUDER, P.E., CHIEF
Wastewater Branch

Cl:ju

c: Delanie Prescott-Tate, DAG (via email)
Dale Sakata, DAG (via email)

DAVID Y. IGE
Governor

JOSH GREEN
Lt. Governor



JAMES J. NAKATANI
Executive Director

ITEM D-7

STATE OF HAWAII
AGRIBUSINESS DEVELOPMENT CORPORATION

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

January 26, 2022

Subject: Request for Approval to Adopt the Tenant Review and Recommendation Committee's Recommendations for Selecting Applicants for ADC Land Licenses

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

BACKGROUND

On September 23, 2020, the Tenant Review and Recommendations Committee ("Committee") was tasked by the Chair of the Agribusiness Development Corporation ("ADC") Board of Directors with assisting ADC in 1) Developing criteria for the qualification and selection of potential tenants of vacant ADC agricultural lands on Oahu, 2) Developing a fair and effective solicitation processes for the submission of applications and 3) Upon completion of the solicitation process, review and evaluate the applications received in accordance with the qualification and selection criteria and select the best applicants.

On March 4, 2021, the ADC solicited applications (see "Exhibit A") from interested farmers and ranchers to fill five (5) non-contiguous parcels located in the Whitmore and Mililani area of Central Oahu. These noncontiguous lots range in size from 91 acres to 511 acres and have not been farmed in decades. In addition to the individuals who submitted expression of interest for land, the ADC expanded its solicitation outreach to include the Hawaii Department of Agriculture, USDA, Hawaii Farm Bureau, Hawaii Farmers Union Foundation, Go Farm, Office of Hawaiian Affairs, DHHL, UH-CTAHR, Kamehameha Schools Bishop Estate, Dole Foods, Hawaii Cattleman's Council, Star Advertiser, and various community groups in the area.

The ADC extended its deadline to receive applications citing more interest received after issuing its solicitation, the storm events in February and March 2021, and the COVID-19 pandemic as the reasons for the extension. The Committee completed its rating on May 25, 2021.

On September 29, 2021, the ADC Board selected and approved land applications for 4 out of 5 parcels. The Review Committee did not submit a recommendation for a 91-acre parcel in Mililani Mauka, identified as Tax Map Key 9-3-005-007 to the ADC Board because the top scorers either declined or chose other parcels, and it was contemplating other application.

FINDINGS

Finding #1

In total, the ADC received 33 land applications. Of the 33 land applications received, three (3) were for cattle ranching, and five (5) was submitted after the April 27, 2021 deadline and would only be considered if the committee was unable to identify a suitable applicant amongst those who turned in their land application on time. The committee chose to accept and review all applications, including those that were incomplete (missing attachments, notary, etc.) because they did not want to eliminate any proposal on a technicality. If any incomplete applications were selected, the Committee would afford the applicant the opportunity to complete their application.

The 33 applications were placed in five (5) separate groups based on the five (5) different areas they applied for. The areas were listed in ADC's Request for Applications Spring 2021 notification along with pertinent information such as, the condition of the land, water availability, acreage, location, etc. It should be noted that several applicants applied for multiple parcels.

1. TMK 6-4-003-016 in Paalaa Uka – 10 Applicants;
2. TMK 6-4-004-006 & 008 in Whitmore – 9 Applicants;
3. TMKs 7-1-002-034 & 006, 7-1-002-041, 7-1-002-047, and 7-1-001-012, Whitmore Agricultural Lands – 14 Applicants;
4. TMK 9-3-005-007 in Mililani Mauka – 11 Applicants; and
5. TMK 7-1-001-005 Galbraith Agricultural Lands – 14 Applicants.

Using their discretion and expertise, the Committee evaluated the applications and awarded points for each of the following categories: a maximum score of 15 points for experience; a maximum score of 20 points for marketability of product; a maximum score of 40 points for finances; a maximum of 15 points for business plan; and a maximum of 10 points for farming practices. The maximum score an applicant could receive is 100 points per committee member for a total of 400 points. The following is a list of the top scores for each area/TMK:

TMK 6-4-003-016

- 1) Larry Jefts Farms
- 2) Cedar Grove Hawaii, Inc.
- 3) Hawaii Sustainable Agricultural Products, LLC

TMK 6-4-004-006 & 008

- 1) Larry Jefts Farms
- 2) Tony and Manyvone Law
- 3) Hawaii Sustainable Agricultural Products, LLC

TMKs 7-1-002-034 & 006, 7-1-002-041, 7-1-002-047, and 7-1-001-012

- 1) Larry Jefts Farms
- 2) Hawaii Sustainable Agricultural Products, LLC
- 3) Sila Farms

TMK 9-3-005-007

- 1) Larry Jefts Farms
- 2) Tony and Manyvone Law
- 3) Hawaii Sustainable Agricultural Products, LLC

TMK 7-1-001-005

- 1) Larry Jefts Farms
- 2) Thomas Law
- 3) Tony and Manyvone Law

Finding #2

In addition to evaluating the individual land applications, the Committee also interviewed the top-rated applicants to help them formulate their recommendations. During the interview, the Committee reminded the applicants that the lands will be issued as is where is and that the preparation and development of the parcel, which includes land clearing and water infrastructure, are the sole responsibility of the applicant. The Committee also had concerns that the applicants were not fully aware of the conditions of the land and external factors that cannot be overlooked such as community engagement and security concerns because many of them did not attend the site visit. The following are the applicants the Committee interviewed for Tax Map Key 9-3-005-007:

Larry Jefts Farms

Larry Jefts Farms is currently farming in Kunia, Oahu. Their major crops include cabbage, watermelon, bell peppers, bananas, and tomatoes, which is sold for local consumption. They are excellent operators and one of the largest growers of local produce in the State. They currently sell produce to large retailers and local distributors based on the customer's needs. Their request is for any available lands with adequate water supply.

Tony and Manyvone Law

Tony and Manyvone Law began farming together in Kahuku, Oahu. In 2009, they moved their operation to the west side of Oahu. Their major crops include eggplant, daikon, curry leaf, squash, ginger, and banana. They have been farming in Hawaii for over 25 years and are excellent operators. They currently sell their produce to farmers market vendors, local supermarkets, restaurants, as well as retailers in the U.S. Mainland. Their request is for 90-200+ acres.

Hawaii Sustainable Agricultural Products, LLC

Hawaii Sustainable Agricultural Products, LLC have a combined 120 years of agriculture and business experience in Hawaii, Colorado, Missouri, and Africa. They have extensive agricultural husbandry and business acumen. Their major crops they are considering include cauliflower, Charentais melons, turmeric, alfalfa, tea, cacao, mamaki, citrus, and cashew. Their target market are local grocery stores and restaurants, and possibly export markets. Their request is for 90-500+ acres.

Malama Aina Collective, LLC

Malama Aina Collective, LLC is currently farming in Mililani, Oahu. They're currently growing banana, casava, wet and dry land taro. They also have partnered with local landscaping firms to provide starter trees focusing on avocado, breadfruit, citrus, and niche

native tree species. They plan to sell their produce to local markets and are targeting local consumers. Their request is for 30 acres.

RECOMMENDATIONS

The committee through its evaluation has identified the top applicants based on their experience, marketability of product, finances, business plan, and farming practices. With this report is the full scoring results for TMK 9-3-005-007, shown in Exhibit B. The committee's selection and recommendation is summarized below for the Board's review and consideration:

Recommendation #1:

Award 91 gross acres identified as TMK 9-3-005-007 to Malama Aina Collective, LLC (MAC). Upon further review of parcels and confirming that the lands will be issued as is where is, the top scorer, Larry Jefts Farms, withdrew his application citing the development cost and market instability as the deciding factors. The second and third highest scores was Tony and Manyone Law and Hawaii Sustainable Agricultural Products, LLC. They both applied for multiple parcels and informed the Committee that they preferred another area. MAC was the next highest scoring applicant for the area. Their plan is to develop an orchard of a variety of crops, which include breadfruit and avocado.

CONCLUSION

This presents the summary of the Committee's evaluation of the land applications for the 91 acres in Mililani Mauka, identified as TMK 9-3-005-007. MAC acknowledged during the interviews that the lands will be issued as is where is and that they are solely responsible for developing the lands, which includes, but is not limited to, land clearing and water infrastructure. They were also informed that they must take the entire 91 acres, which they agreed to do. The Committee made their selection in confidence based on their expertise and discretion and believes that the land application process has identified the most qualified applicants who can put the State in a position to achieve its goals and increase its local agriculture productions.

RECOMMENDATION

Based on the finding above, the recommendation is to adopt the Tenant Review and Recommendation Committee's recommendation for selecting an applicant for ADC land license.

Respectfully submitted,



James J. Nakatani
Executive Director

EXHIBIT A

DAVID Y. IGE
Governor
JOSH GREEN
Lt. Governor



JAMES J. NAKATANI
Executive Director

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

March 4, 2021

To: Interested applicants

RE: Request for Applications

The State of Hawaii Agribusiness Development Corporation (ADC) is accepting applications from interested farmers and cattle ranchers seeking land for agricultural production and pastoral use. All interested applicants can go the ADC website at <http://hdoa.hawaii.gov/adc/land-application/> to obtain an application form, or they can contact the ADC office at (808) 586-0186. Office hours are 8:00am to 5:00pm, Monday through Friday, except holidays.

The ADC has available vacant lands for agricultural production on Oahu identified as Tax Map Keys: 6-4-003-016, 6-4-004-006 & 008, 7-1-001-005, 7-1-001-012, 7-1-002-034 and 006, 7-1-002-041, 046, & 047, and 9-5-003-007 (see attached general location map). Multi-year Licenses to farm these lands, or occupy for pastoral use, will be issued based on merit. All applications will be rated and only the highest rated applicants will be selected. Cattle ranchers may apply for the available parcels, however, preference will be given to crop farmers. Accordingly, we are seeking farmers and ranchers with the following requirements:

- Minimum 5 years farming experience; or
- Owner-operator of an established farm conducting a substantial farming or cattle ranching operation.

It is not required, but highly preferred that applicants be trained and certified in food safety and Good Agricultural Practices.

All applications will be rated 0-100 points based on the following questions:

1. Does the applicant have farming experience? (Max score: 15)
2. Do the crops selected appeal to consumers and will they generate profit? (Max score: 20)
3. Has the applicant demonstrated adequate financial ability? (Max score: 40)
4. Has the applicant demonstrated adequate goals and strategies in their business plan to achieve them? (Max score: 15)
5. Does the applicant's operation meet basic regulatory requirements and industry standards regarding safety and sanitation? (Max score: 10)

The following are the available parcels:

Page 2 of 6

1. Paalaa Uka, Kamehameha Hwy./Paalaa Uka Pupukea Rd., TMK: 6-4-003-016.

- A. Size: 511 Gross Acres, approximately 385 is usable for diversified farming. Minimum size lot for diversified agriculture operation is 100 acres.
- B. Location: Paalaa Uka, Oahu, gates to the property located on Kamehameha Hwy and Paalaa Uka Rd.
- C. Water source: A pump station owned by Dole is located across Kamehameha Hwy. approx. 500 yards from the property. A possible second water source is an irrigation ditch running on the northern end of the property: Licensee will need to procure an agreement from Dole to use water from the pump station or R2 ditch water. The Licensee is also responsible for the development of the irrigation water infrastructure, including transporting water and constructing its own water storage onsite.
- D. Condition of property: The property has several abandoned vehicles on site, as well as debris and rubbish. The land is overgrown with grass and tall trees. The land will require clearing before any agricultural activities can begin and will be issued "as is." The Licensee is responsible for developing the land in accordance with applicable laws and license provisions. Access from Kamehameha Hwy on the West boundary for several hundred yards makes security a concern for the farmer. If Licensee chooses, Licensee may erect fencing as allowed in the License.

The following are the general license provisions for diversified agriculture:

- Starting at \$100-\$200/acre/year
- Up to 35-year term
- Licensee is responsible for the development of the water infrastructure
- Must submit an approved conservation plan
- No subletting, except as approved by ADC
- No permanent structure or residential dwellings shall be allowed
- Rent credit for improvements to the land may apply, if approved by ADC

The following are the general license provisions for cattle ranching:

- Starting at \$11-\$15/acre/year
- 5 years with an option to renew
- Licensee is required to install cattle fencing at its own cost
- Licensee is responsible for the development of the water infrastructure
- No subletting, except as approved by ADC
- No permanent structure or residential dwellings shall be allowed
- Rent credit for improvements to the land may apply, if approved by ADC

2. Whitmore Lands (North), Kamehameha Hwy., TMK(s) 6-4-004-006 & 008

- A. Size: 234 Gross Acres, approximately 162 acres is usable for diversified farming

Page 3 of 6

- B. Location: Whitmore Village, Oahu, Kamehameha Hwy access to the property is currently blocked by concrete jersey barriers. Access road via Saipan Rd is in poor condition due to muddy and uneven road.
- C. Water Source: Dole's Tanada Reservoir (surface water) located 200 feet more or less from the property line. Licensee will need to procure an agreement from Dole to use water from Tanada Reservoir. The Licensee is also responsible for the development of the irrigation water infrastructure, which includes a pump, filter station, waterlines, and a reservoir/water storage, and other equipment needed to transport water from Dole's reservoir to the site.
- D. Condition of property: Property is fairly clear of debris and rubbish, however, it is overgrown with grass and trees. The land will require clearing before any agricultural activities can begin and will be issued "as is." The Licensee is responsible for developing the land in accordance with applicable laws and license provisions.

The following are the general license provisions for diversified agriculture:

- Starting at \$100-\$200/acre/year
- Up to 35-year term
- Must submit an approved conservation plan
- Licensee is responsible for the development of the water infrastructure
- Licensee is responsible for obtain approvals or permits for ingress/egress
- No subletting, except as approved by ADC
- No permanent structure or residential dwellings shall be allowed
- Rent credit for improvements to the land may apply, if approved by ADC

The following are the general license provisions for cattle ranching:

- Starting at \$11-\$15/acre/year
- 5 years with an option to renew
- Licensee is required to install cattle fencing at its own cost
- Licensee is responsible for the development of the water infrastructure
- Licensee is responsible for obtain approvals or permits for ingress/egress
- No subletting, except as approved by ADC
- No permanent structure or residential dwellings shall be allowed
- Rent credit for improvements to the land may apply, if approved by ADC

3. Whitmore Agricultural Lands, Whitmore Ave./Saipan Rd., TMK(s): 7-1-001-012, 7-1-002-041, 046, & 047, and 7-1-002-034 & 006. (These lands have been designated for green houses and orchards)

- A. Size: TMK: 7-1-001-012 (32 gross acres);
TMK:7-1-002-041, 046 and 047 (205 gross acres); and
TMK: 7-1-002-034, and 006 (179 gross acres)
416 Gross Acres, 280 Acres, more or less, of relatively flat terrain

Page 4 of 6

- B. Location: Whitmore Village, Oahu, three (3) contiguous parcels with access via Whitmore Avenue and Saipan Road. Although contiguous these three (3) parcels could be considered as individual lots.
- C. Water source: TMK: 7-1-002-034 currently has a ¾" water meter. The other two properties do not have access to a water source. The Licensee is responsible for the development of the lot's irrigation water infrastructure, including transporting water and constructing its own water storage onsite.
- D. Condition of property: Hawaiian Electric power source located on Whitmore Ave. All three of the properties will require clearing and removal of junk and abandoned vehicles before agricultural activities can begin. Lot 034 is relatively flat, but it will require removal of a lot of tree trunks that were left behind after cutting down hundreds of invasive Albizia trees. The property is adjacent to Whitmore Village along the West boundary so it could be susceptible to vandalism and theft. The lots will also require clearing of grass and trees before any agricultural activities can begin and will be issued as is. The Licensee is responsible for developing their individual lots in accordance with applicable laws and license provisions.

TMK: 7-1-001-012	32 gross acres
TMK: 7-1-002-041, 046, and 047	205 gross acres
<u>TMK: 7-1-002-034, and 006</u>	<u>179 gross acres</u>
Total:	416 gross acres, more or less

The following are the general license provisions for diversified agriculture:

- Starting at \$100-200/acre/year
- Up to 35-year term
- Must submit an approved conservation plan
- Licensee is responsible for the development of the water infrastructure
- No subletting, except as approved by ADC
- No permanent structure or residential dwellings shall be allowed, except as approved by ADC
- Rent credit for improvements to the land may apply, if approved by ADC

The following are the general license provisions for cattle ranching:

- Starting at \$11-\$15/acre/year
- 5 years with an option to renew
- Licensee is required to install cattle fencing at its own cost
- Licensee is responsible for the development of the water infrastructure
- No subletting, except as approved by ADC
- No permanent structure or residential dwellings shall be allowed
- Rent credit for improvements to the land may apply, if approved by ADC

4. Mililani Mauka, Keni St., TMK: 9-5-003-007.

Page 5 of 6

- A. Size: 91 Gross Acres, farmable acres TBD.
- B. Location: Mililani Mauka, Oahu, access is through a Board of Water Supply (BWS) gate on Keni St.
- C. Water source: The property is adjacent to BWS Storage Tanks identified as Mililani 1150 Reservoirs 1 & 2. Licensee will need to procure an agreement from BWS to install a water meter. The Licensee is also responsible for the development of the irrigation water infrastructure, including water storage.
- D. Condition of property: The lot has not been farmed in decades and is overgrown with tall grass and trees. Access through two secure gates has deterred illegal dumpers and will stop most thieves. However, large trucks and equipment would have a difficult time accessing the property due to steep and narrow access road to the property. The lot will require clearing before any agricultural activities can begin and will be issued as is. The Licensee is responsible for developing the land in accordance with applicable laws and license provisions.

The following are the general license provisions for diversified agriculture:

- Starting at \$100-\$200/acre/year
- Up to 35-year term
- Must submit an approved conservation plan
- Licensee is required to pay BWS water meter installation cost
- Licensee is responsible for the development of the water infrastructure
- No subletting, except as approved by ADC
- No permanent structure or residential dwellings shall be allowed
- Rent credit for improvements to the land may apply, if approved by ADC

The following are the general license provisions for cattle ranching:

- Starting at \$11-\$15/acre/year
- 5 years with an option to renew
- Licensee is required to install cattle fencing at its own cost
- Licensee is required to pay BWS water meter installation cost
- Licensee is responsible for the development of the water infrastructure
- No subletting, except as approved by ADC
- No permanent structure or residential dwellings shall be allowed
- Rent credit for improvements to the land may apply, if approved by ADC

**5. Galbraith Agricultural Lands (North), Kamehameha Hwy., TMK: 7-1-001-005
(These lands have been designated for truck crops, no cattle ranching)**

- A. Size: 230 Gross acres, farmable acres TBD. Minimum size lot for diversified agriculture operation is 100 acres.
- B. Location: Whitmore Village, Oahu, Access through gate located on Kamehameha Hwy.
- C. Water source: There is a reservoir on the property connected to ADC's Bott Well Pump Station. The water line from Kamehameha Hwy to the reservoir has a saddle

Page 6 of 6

connection that the farmer may use for their operation. The licensee will need to procure an agreement from ADC to use water from the Bott Well Pump Station and install a water meter. The Licensee is responsible for the development of the lot's irrigation water infrastructure, including transporting water from a water meter designated by ADC and constructing its own water storage onsite.

- D. Condition of property: There are numerous abandoned vehicles and trash on a portion of the property that need to be removed. 90 acres, more or less do not have any abandoned vehicles or trash and has recently been cleared. The lot will require clearing of grass and small trees before any agricultural activities can begin and will be issued as is. The Licensee is responsible for developing the land in accordance with applicable laws and license provisions.

The following are the general license provisions for the Galbraith Agricultural Lands:

- Starting at \$100-\$200/acre/year
- Up to 35-year term
- Must submit an approved conservation plan
- Licensee is responsible for the development of the water infrastructure
- No subletting, except as approved by ADC
- No permanent structure or residential dwellings shall be allowed
- Rent credit for improvements to the land may apply, if approved by ADC

A site visit of the available parcels will be held on Tuesday, March 16, 2021 from 9:00am.-2:00pm. This will be the only site visit. However, due to Coronavirus (COVID-19) pandemic, we may schedule multiple site visits to comply with the state's rules and regulations. Interested applicants wishing to attend the site visit should RSVP at least 24 hours prior to the site visit. All interested applicants who wish to attend the site visit shall meet at 1116 Whitmore Ave., Building E, Wahiawa, HI 96786. For more information about the site visit, please contact the ADC.

Applications shall be received by the ADC Office before 2:00pm, Friday, April 9, 2021. The applicants are required to answer all applicable questions and complete all attachments as prescribed in the application. Any incomplete application will automatically be disqualified. All completed applications shall be mailed or delivered to 235 S. Beretania St., Room 205, Honolulu, HI 96813. For more information about the parcels, interested applicants can contact the ADC Office at (808) 586-0087.

/s/ James J. Nakatani
Executive Director

ADC does not discriminate on the basis of race, color, national origin, disability, age, or sex in administration of its programs or activities, and, ADC does not retaliate against any individual because they have exercised their rights to participate in or oppose actions protected by 40 CFR Parts 5 and 7 or for the purpose of interfering with such rights. (As prohibited under Title VI of the Civil Rights Act of 1964, as amended; Rehabilitation Act of 1973 §504; Age Discrimination Act of 1975; Title IX of the Education Amendments of 1972; and Federal Water Pollution Control Act Amendments of 1972 §13 (hereinafter referred to collectively as the federal non-discrimination statutes.)

EXHIBIT B

Agribusiness Development Corporation
 Board of Directors
 Selection Committee

Project: TMK 9-5-003-007, Mililani Mauka, Oahu

Date: May 25, 2021

APPLICANT	RATER & SCORE				TOTAL	RANK
	Member 1	Member 2	Member 3	Member 4		
HSAP LLC	91	85	77	41	294	3
Malama Aina Collective LLC	85	83	65	47	280	
Weerasak Khotkham	75	68	55	37	235	
Langsy Farm LLC	70	54	61	64	249	
Larry Jefits	93	94	95	93	375	1
Tony and Manyone Law	89	85	75	76	325	2
Natthawut Sinsom	69	59	68	60	256	
Tony Sybounmy	76	57	40	53	226	
Justine Robello (Livestock)	81	76	67	33	257	
Zachary Baccam (LATE)	59	35	70	33	197	
Ralph Fukushima (Livestock) (LATE)	62	44	25	30	161	



STATE OF HAWAII
AGRIBUSINESS DEVELOPMENT CORPORATION

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

January 26, 2022

Subject: Request to Delegate Authority to ADC Executive Director to Negotiate and Purchase Three Deep Wells in Paalaa Uka, District of Waialua, Oahu from Dole Food Company, Inc.

Applicant: Dole Food Company, Inc., seller ("Dole")

Authority: Section 163D-5, 7, and 8, Hawaii Revised Statutes

Area: 6.066 acres (easement acreage)

Field No(s).: N/A
Well No. 3-3102-002 ("Helemano pump no. 24")
Well No. 3-3203-001 ("Helemano pump no. 25")
Well No. 3-3102-002 ("Waialua pump no. 26")

Tax Map Key: (1) 6-4-003:022

Land Status: Fee simple interest owned by Dole Food Company, Inc.

Trust Land Status: Ceded land under Section ___ lands of the Hawaii Admission Act
Yes ___ No X

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

Character of Use: Irrigation ground water well facilities

Land Doc. Type: Easement agreement, terms in negotiation

Term: Perpetual

Rental Rate: N/A
Purchase Price, in negotiation

BACKGROUND: ADC began its land-banking campaign in 2012, beginning with the acquisition of approximately 1,250 acres of the George Galbraith Estate lands in Wahiawa. Between 2012 and 2020, ADC acquired an additional 2,600 acres of land, more or less, located from Whitmore to Waialua. Approximately 650 acres of these lands are currently irrigated by the Wahiawa Irrigation System, owned and operated by Dole. Approximately 1,250 acres of the Galbraith land is currently irrigated by ADC's Bott well [Well No. 3-3103-001 ("Del Monte pump no. 5")] and approximately 350 acres of Galbraith and former Dole lands are irrigated by Helemano pump no. 25. An additional 800 acres of former Dole lands currently have no immediate irrigation water delivery system in place, although water can be pumped and delivered from the Wahiawa Irrigation System or Helemano pumps no. 24 and 26 to them. *See attached map for lands and their current or potential irrigation sources.*

<u>Map</u>	<u>Irrigation source</u>	<u>Owner</u>	<u>Acres (approximate)</u>
X	Wahiawa Irrigation System	Dole	650
Y	Bott well	ADC	1250
Z	Helemano pump 25	Dole	350
Z	Helemano pump 24, 26	Dole	<u>800</u>
TOTAL:			3050 acres

Dole Food Company, Inc. (Dole) owns a 2,636.817-acre Ag-1, Agricultural-zoned parcel, identified as tax map key no. (1)6-4-003:022, between Kamehameha Highway and Kaukonahua Road, across the street from the Dole Plantation in Paalaa Uka, District of Waialua on which the three wells are situated. The wells are permitted to take water from the Wahiawa Aquifer System. The Wahiawa Aquifer has a current sustainable yield of approximately 23 mgd. The wells have a combined daily water use allocation of 5.742 mgd from the Commission on Water Resource Management as follows:

<u>Well / Pump ID</u>	<u>Year installed</u>	<u>Water use allocation as of 2014 (MGD)</u>
Helemano Pump 24 ("Pump 24")	1973	2.580
Helemano Pump 25 ("Pump 25")	1974	1.720
Waialua Pump 26 ("Pump 26")	1975	<u>1.442</u>
TOTAL:		5.742

The wells were drilled between 1973 and 1975 and are nearly 50 years old. With the exception of Pump 25, the wells have not been in consistent or regular use for at least 20 years. Pump 25 has been in use since the mid-2000's. The pump and pump accessories for Pump 25 do not belong to Dole. It is privately operated by Kelena Farms.

Dole has offered to sell the three wells, well sites, existing well pumps and other equipment and well accessories that belong to Dole, and waterline easements to ADC.

Easement Well site 1	0.037 acres
W-1	0.496 acres
W-4	<u>1.505 acres</u>
Total acres	2.038 acres

Easement Well site 2	0.067 acres
W-2	<u>3.253 acres</u>
Total acres	3.32 acres

Easement Well site 3	0.049 acres
W-3	<u>0.659 acres</u>
Total acres	0.708 acres

TOTAL EASEMENT AREA 6.066 acres

The parties agree that the interest being sold will be in the form of an easement. ADC has conducted preliminary due diligence, and has secured a draft of an appraisal, but the parties have not reached a mutually agreed upon price. All remaining terms of the sale also are under negotiation, including the form of the appropriate documentation and extent, the nature of the easement interest being sold, the current condition of the fixtures (pumps and accessories), and

the impact of that condition and anticipated costs of remediation upon the purchase price. Because of the ongoing negotiations, discussion on the draft appraisal and the specifics of sale terms should be discussed in executive session.

ADC currently has a capital improvement project ("CIP") appropriation for \$4,700,000 to purchase the three wells.

LAND REQUEST: N/A.

WATER NEEDS AND SOURCE OF WATER: N/A.

OPERATIONAL PLAN: Before developing an operation plan, the pumps will likely require rehabilitation or replacement, and the distribution system need to be developed. ADC has made a request to the legislature for \$3 million in CIP funds for agricultural infrastructure improvements, which includes rehabilitating and connecting the wells.

Once the wells are operational and connected to the existing irrigation system, ADC anticipates developing an operational plan similar to the existing Bott well plan. The current Bott well plan covers the cost to secure, repair, maintain and run the pumps. ADC's largest tenant, Kelena Farms, partners with ADC to operate the Bott well, thereby reducing ADC's outlay of costs. If ADC is unable to find a partner for the Helemano pumps with and share the operating cost, it will need to find a third party operator, which will raise ADC's overhead cost exponentially. Currently, with a partner, ADC's share of the annual cost for the Bott well pump is \$500,000. This includes 24/7 security, a maintenance contract, and cost of diesel fuel.

CONSERVATION PLAN: N/A

CONCLUSION: The Helemano wells are strategically located in the middle of the former Dole and Galbraith estate lands that ADC has acquired over the past 10 years. These wells historically serviced former pineapple and sugar lands from Wahiawa to Waialua. The acquisition of these wells will provide irrigation to an additional 800 acres of ADC lands, as well as provide the redundancy in ADC irrigation systems that are currently lacking. This acquisition is critical to ADC fulfilling its mission which this Board recently ratified, to wit: "to acquire and manage, in partnership with farmers, ranchers, and aquaculture groups, selected arable lands, water systems and infrastructure for commercial agricultural use..." There is nothing more fundamental to this objective than to acquire water sources to irrigate the former Dole lands that ADC has amassed, most of which this Board has approved for disposition to farmers.

RECOMMENDATION: Accordingly, it is recommended that this Board delegate to the ADC Executive Director and his staff the authority to conduct all appropriate and reasonable due diligence into the current condition of each of the three wells, assess the value of the wells, pumps and accessories, and access and distribution easements, and purchase the same in an amount not to exceed \$4,700,000. To the extent costs of sale can be paid for by ADC by non-CIP funds, it is recommended that this Board further authorize the payment of costs of sale from non-CIP funds.

Respectfully submitted,



James J. Nakatani
Executive Director

Legend

- Major Roads
- Other Roads
- Wahiawa Ditch
- Other Ditches
- Perennial Streams
- Lakes / Reservoirs

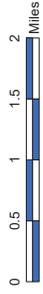
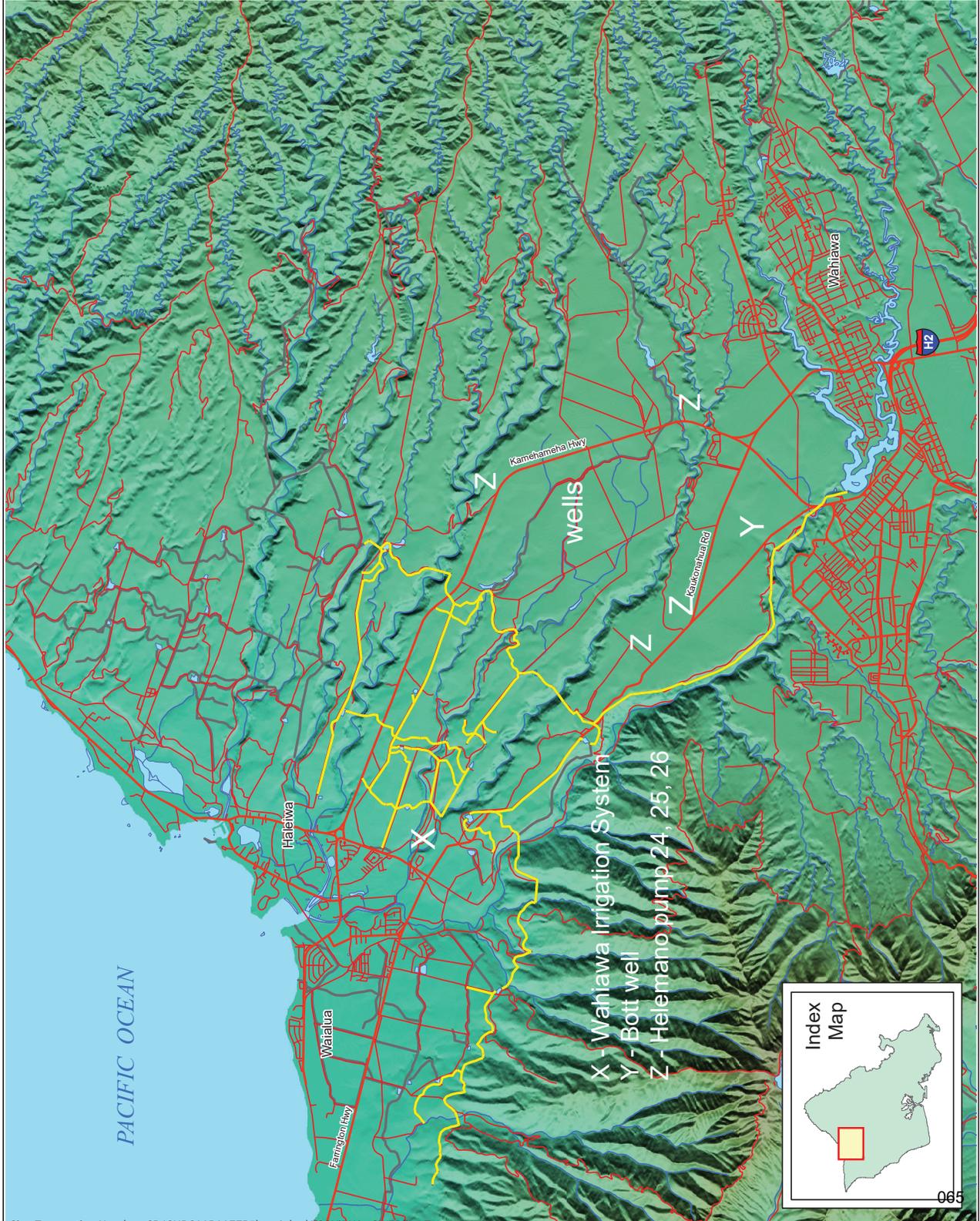


Figure 1-2

Project Location Map

Wahiawa Irrigation System



DAVID Y. IGE
Governor

JOSH GREEN
Lt. Governor



JAMES J. NAKATANI
Executive Director

Item F

STATE OF HAWAII
AGRIBUSINESS DEVELOPMENT CORPORATION

235 S. Beretania Street, Room 205
Honolulu, HI 96813

Phone: (808) 586-0186 Fax: (808) 586-0189

ADC Executive Director's Update
January 26, 2022

1. Kekaha

ADC began discussions with the Department of Agriculture ("HDOA") and the Kekaha Agriculture Association ("KAA") on securing Important Agricultural Lands ("IAL") identification and designation of ADC's Kekaha lands ("Kekaha lands") pursuant to Part III of Chapter 205, HRS. Among the issues discussed was the appropriate process that applied to lands that ADC managed and controlled under executive order, whether through identification of "public lands" under Chapter 171, HRS by the HDOA and the Department of Land and Natural Resources ("DLNR"), or by petition for a declaratory order by a "farmer" or a "landowner." Ultimately, it was decided that the KAA would file a petition as a farmer, and that ADC would approve the request as landowner. At the same time, ADC would also request that DLNR, through its land board, approve the request, also as landowner. On January 22, 2018, ADC made a formal written request to Chairperson Case of DLNR to consider allowing the KAA to petition the Land Use Commission for IAL designation of the Kekaha lands. The ADC board approved the action at a duly noticed meeting held on January 31, 2018. The land board never considered ADC's request.

On December 2, 2021, the KAA filed a petition with the Land Use Commission ("LUC") for declaratory order to designate the Kekaha lands as IAL. The matter was entertained by the LUC on December 23, 2021. Among the issues discussed at the hearing was whether ADC or DLNR is the "owner" of the Kekaha lands for purposes of Chapter 205. ADC, in conjunction with the Attorney General's office, is currently researching the issue. The matter has been deferred to resolve this and other issues raised by the LUC.

2. Kalepa

ADC Board of Directors voted at the November 10, 2021 meeting to terminate License Agreement No. LI-KA1402 issued to Gerald M. Sanchez. The Attorney General's office drafted and mailed the the termination notice via USPS certified mail with attempted delivery on December 6, 2021 noting a termination date of December 31, 2021; delivery of the notice was refused by Mr. Sanchez at 8:33 p.m. on the same day and documented by the postal agent. Subsequently, the notice was served via process server on December 28, 2021 at which time Mr. Sanchez called the ADC office to complain that the notice didn't provide enough time for him to fully vacate. Staff noted to Mr. Sanchez that he had refused the earlier delivery of the notice on December 6, 2021 by certified mail and that the termination date was final. Staff inspection of the premises on January 14, 2022 documented two large derelict excavators and an abandoned mid-sized tour bus remaining on the premises (see images attached). It may be necessary for ADC to remove the abandoned equipment and bill Mr. Sanchez for the cost thereof.





3. Whitmore

The ADC has contracted the University of Hawaii Community Design Center (UHCDC) to develop a proof of concept study for the Whitmore Project Master Plan. UH CDC is a service-learning program and teaching practice established and led by the UH School of Architecture, that provides a platform for applied research, planning, placemaking, and design involving UH faculty, staff, students, and partnered professional disciplines. UH CDC is also conducting community outreach as part of the proof of concept process. They are currently facilitating farmer/producer focus groups, community one-on-one talk stories, neighborhood board presentations, and virtual and in-person events, to help ADC develop its request for proposal by gathering information from potential stakeholders and end users .

Last session, the Legislature allocated \$28 million for infrastructure improvements and vertical construction in Whitmore to the Hawaii Department of Agriculture and the University of Hawaii which was delegated to the Department of Accounting and General Services (DAGS). The ADC received \$6 million from the Department of Business and Economic Development and Tourism to purchase a high pressure processing machine which will be housed in Whitmore upon completion of the infrastructure and vertical construction by DAGS.

4. Legislative Update

Fiscal Year 2023 Capital Improvement Project Request

1. Agricultural Infrastructure Improvements, Oahu - \$3,000,000*

2. Kekaha Ditch Modification, Kekaha, Kauai - \$3,500,000*
3. WWS Improvements, Kunia, Oahu - \$6,000,000*
4. Wahiawa Reclaimed Water Irrigation System, Wahiawa, Oahu - \$1,620,000
5. Agricultural Infrastructure Improvements, Kauai - \$500,000

* Approved by the Office of the Governor

House Investigative Committee to Investigate Compliance with Audit Nos. 19-12 and 21-01

The State House Legislative Investigative Committee of Representatives plan to meet and vote on the draft report to the Legislature on January 27, 2022 pursuant to House Resolution No. 164.