

DAVID Y. IGE
Governor

JOSH GREEN
Lt. Governor



JAMES J. NAKATANI
Executive Director

STATE OF HAWAII
AGRIBUSINESS DEVELOPMENT CORPORATION

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

Meeting of the ADC Board of Directors

Held via Teleconference

November 16, 2022
9:00 a.m.

Pursuant to section 92-3.7, Hawaii Revised Statutes, this meeting will be held using interactive conference technology (ICT). Board members, staff, persons with business before the Board, and the public may participate remotely online using ICT, or may participate via the in-person meeting site which provides ICT.

Interested persons may submit written testimony in advance of the meeting, which will be distributed to Board members prior to the meeting. We request that testimony be received by our office not less than seventy-two hours prior to the meeting to ensure that staff has time to disseminate it and that Board members have time to review it. Written testimony may be submitted electronically to dbedt.adc@hawaii.gov or sent via U.S. Postal Service to: Agribusiness Development Corporation, 235 South Beretania Street, Suite 205, Honolulu, Hawaii 96813.

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

The public may participate in the meeting via:

ICT: <https://us06web.zoom.us/j/82162409390>

Telephone: (669) 900-6833, Webinar ID: 821 6240 9390

In-Person: at the meeting location indicated below

ICT ACCESS

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., ****@****.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 Chairperson or staff 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 have finished speaking.

For ICT, telephone, and in-person access, when testifying, you will be asked to identify yourself and the organization, if any, that you represent. Each testifier will be limited to two minutes of testimony per agenda item.

TELEPHONE ACCESS

If you do not have ICT access, you may get audio-only access by calling the Telephone Number listed at the top on the agenda.

Upon dialing the number, you will be prompted to enter the Meeting ID listed next to the Telephone Number 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. 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.

For ICT, telephone, and in-person access, when testifying, you will be asked to identify yourself and the organization, if any, that you represent. Each testifier will be limited to two minutes of testimony per agenda item.

Instructions to attend State of Hawaii virtual board meetings may be found online at <https://cca.hawaii.gov/pvl/files/2020/08/State-of-Hawaii-Virtual-Board-Attendee-Instructions.pdf>.

IN-PERSON ACCESS

There will also be one meeting location, open to the public, which will have an audio-visual connection. That meeting will be held at:

State of Hawaii, Leiopapa A Kamehameha
State Office Tower Building
235 S. Beretania St, Room 204
Honolulu, HI 96813

For ICT, telephone, and in-person access, when testifying, you will be asked to identify yourself and the organization, if any, that you represent. Each testifier will be limited to two minutes of testimony per agenda item.

LOSS OF CONNECTIVITY

In the event of a loss of ICT connectivity, the meeting will be recessed for a period not to exceed thirty minutes to restore connectivity with all board members and the public in-person access location noted above. In the event that audio connectivity is re-established within thirty minutes without video connectivity, interested participants can access the meeting via the telephone number and Meeting ID number noted above.

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://dbedt.hawaii.gov/adc/> no later than close of business the next business day. New ICT, telephone, and in-person access information will be posted on the website no less than twenty-four hours prior to the continued meeting date. Alternatively, if a decision is made to terminate the meeting, the termination will be posted on the ADC website.

SPECIAL ASSISTANCE

If you require special assistance, accommodations, modifications, auxiliary aids, or services to participate in the public hearing process please contact staff at (808) 586-0186 preferably at least three business days prior to the meeting so arrangements can be made. To request translation or interpretation services please contact staff at (808) 586-0186 or email: dbedt.adc@hawaii.gov. Please allow sufficient time for the ADC to meet translation or interpretation services requests.

NOTE: MATERIALS FOR THIS AGENDA WILL BE AVAILABLE FOR REVIEW IN THE ADC OFFICE, 235 S. BERETANIA STREET, SUITE 205, HONOLULU, HAWAII, ON AND AFTER NOVEMBER 10, 2022

Agribusiness Development Corporation Non-Discrimination Statement

The Agribusiness Development Corporation does not discriminate on the basis of race, color, sex, national origin, age, or disability, or any other class as protected under applicable federal or state law, in administration of its programs, or activities, and the Agribusiness Development Corporation does not intimidate or retaliate against any individual or group because they have exercised their rights to participate in actions protected by, or oppose action prohibited by, 40 C.F.R. Parts 5 and 7, or for the purpose of interfering with such rights.

If you have any questions about this notice or any of the Agribusiness Development Corporation’s non-discrimination programs, policies, or procedures, you may contact:

Mark Takemoto
Acting Title VI Non-Discrimination Coordinator
235 S. Beretania St., Ste 205
Honolulu, HI 96813
(808) 586-0186
dbedt.adc.titlevi@hawaii.gov

[agenda begins on the following page]

AGENDA

A. Call to Order

B. Roll Call

C. Approval of Minutes

1. None

D. New Business

1. Request for Approval to Issue License Agreement to Law Tieng's Farm LLC for 87.13 Acres, More or Less, of Lot 16 in Wahiawa, Oahu, Hawaii, Tax Map Key No. (1) 7-1-001:005 (por.)
2. Request for Approval to Issue License Agreement to TM Farm LLC for 133.32 Acres, More or Less, of Lot 15 in Wahiawa, Oahu, Hawaii, Tax Map Key No. (1) 7-1-001:005 (por.)
3. Request for Approval to Issue License Agreement to Ohana Hui Ventures, Inc. for 397.3 Acres, More or Less, in Wahiawa, Oahu, Hawaii, Tax Map Keys (1) 7-1-001:012, (1) 7-1-002:041 (por.), :046, :047, (1) 7-1-002:034, :006
4. Complaint Referral from Department of Budget & Finance

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

E. Old Business

1. Update Regarding Ohana Best v. State of Hawaii, et al., Civ. No. 19-1-1640-10

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

F. Executive Director's Report

G. Adjourn

The Board may go into executive session on any agenda item pursuant to the exceptions under §92-5, Hawaii Revised Statutes.



ITEM D-1

STATE OF HAWAII
AGRIBUSINESS DEVELOPMENT CORPORATION

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

November 16, 2022

Subject: Request for Approval to Issue License Agreement to Law Tieng's Farm LLC for 87.13 Acres, More or Less, of Lot 16 in Wahiawa, Oahu, Hawaii, Tax Map Key No. (1) 7-1-001:005 (por.)

Applicant: Law Tieng's Farm LLC

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

Area: 87.13 gross acres, more or less

Field No(s).: Lot 16

Tax Map Key: (1) 7-1-001:005 (por.)

Land Status: Acquired in fee by the Agribusiness Development Corporation in 2012

Trust Land Status: Section 5(b) 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: Diversified agriculture

Land Doc. Type: License

Term: 35 years

Rental Rate: \$200 per acre per year (years 1-3)
\$400 per acre per year (years 4-10)
\$1 per acre per year (non-tillable)
+2.5% (start of year 11, 16, 21, 26, 31)

BACKGROUND:

On March 4, 2021, the Agribusiness Development Corporation (ADC) issued a Request for Applications for nearly 1,500 acres of undeveloped agricultural land on the island of Oahu. ADC received over thirty applications for the five parcel locations, among them, a joint application from Thomas Law, and Tony and Manyone Law.

ADC's Board of Directors (Board) subsequently ranked all the applicants and approved six of the highest-scoring applicants for the five parcel locations. Thomas Law (Law Tieng's Farm LLC) (Applicant) and Tony and Manyvone Law (TM Farm LLC) were selected to jointly farm Parcel 5 (Exhibit A), however, they requested separate licenses under which to operate. It is expected that the Applicant will develop a joint-operation agreement with TM Farm LLC by which they will share base yard facilities, equipment, and fields.

Under a Right-of-Entry, the Applicant has cleared significant portions of the parcel and installed a pump and filter station adjacent to the 10 MG reservoir and have nearly completed their conservation planning. Law Tieng's Farm LLC is owned and operated by Thomas and Lynn Law with over 60 years of combined farming experience and a proven track record of success.

LAND REQUEST:

Applicant requests a land license for the 87.13 gross acres, more or less, of Lot 16 (Exhibit B) to be used for purposes of diversified agriculture.

WATER NEEDS AND SOURCE OF WATER:

Water is available from the 10 MG reservoir which is located on Parcel 5 and is connected to Bott Well.

OPERATIONAL PLAN:

Applicant intends diverse plantings of basil, Thai ginger, turmeric, taro (leaf, corm, stem), betel leaf, malunggay, et al. for both local and continental markets.

CONSERVATION PLAN:

Applicant was approved as a "cooperator" with the West Oahu Soil and Water Conservation District and has been developing a soil and water conservation plan with the United States Department of Agriculture's Natural Resources Conservation Service; the plan is nearly finished. The terms of the license will require the plan to be approved within one year of the effective date of the license.

DISCUSSION:

The Board has already selected the Applicant for the parcel pursuant to the application process in early and mid-2021, and subject to the Board's own due diligence.

Approval of this request represents an initial annual rental income of \$17,500. (in years 1-3.

RECOMMENDATION:

Based on the foregoing, staff recommends that the Board approve the Land Request noted above, subject to the following conditions:

1. The term of the license shall be 35 years; and

November 16, 2022

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2. The rental rate shall be \$200 per acre per year in years 1-3; \$400 per acre per year in years 4-10, with a 2.5% increase at the start of years 11, 16, 21, 26, and 31); and
3. Applicant's conservation plan shall be developed and approved within one year of the effective date of the license; and
4. No subletting shall be allowed without Board approval; and
5. No residential structures shall be allowed; and
6. Rent credits for improvements may be allowed, subject to Board approval.

Respectfully Submitted,

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James J. Nakatani
Executive Director

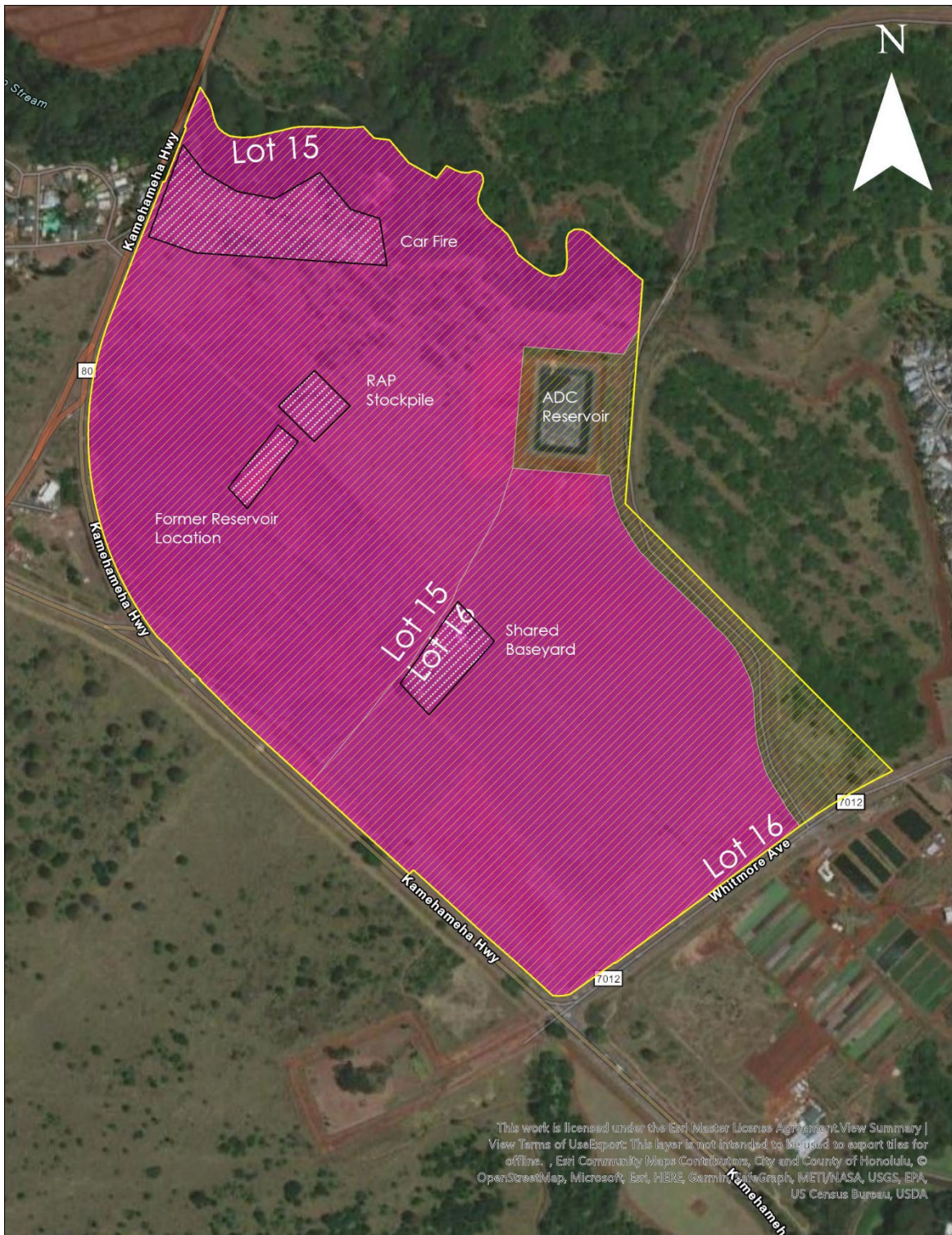
November 16, 2022

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EXHIBIT A



EXHIBIT B





STATE OF HAWAII
AGRIBUSINESS DEVELOPMENT CORPORATION

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

November 16, 2022

Subject: Request for Approval to Issue License Agreement to TM Farm LLC for 133.32 Acres, More or Less, of Lot 15 in Wahiawa, Oahu, Hawaii, Tax Map Key No. (1) 7-1-001:005 (por.)

Applicant: TM Farm LLC

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

Area: 116.53 tillable acres, more or less
16.79 non-tillable acres, more or less
133.32 gross acres, more or less

Field No(s).: Lot 15

Tax Map Key: (1) 7-1-001:005

Land Status: Acquired in fee by the Agribusiness Development Corporation in 2012

Trust Land Status: Section 5(b) 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: Diversified Agriculture

Land Doc. Type: License

Term: 35 years

Rental Rate: \$200 per acre per year (Years 1-3)
\$400 per acre per year (Years 4-10)
+2.5% (Year 11, 16, 21, 26, 31)

BACKGROUND:

On March 4, 2021, the Agribusiness Development Corporation (ADC) issued a Request for Applications for nearly 1,500 acres of undeveloped agricultural land. ADC received over thirty applications for the five parcel locations, among them, a

joint application from Tony and Manyvone Law, and Thomas Law. ADC's Board of Directors (Board) subsequently ranked all the applicants and approved six of the highest-scoring applicants for the five parcel locations. Tony and Manyvone Law (TM Farm LLC) and Thomas Law (Law Tieng's Farm LLC) were selected to jointly farm Parcel 5 (Exhibit A), however, they requested separate licenses under which to operate. It is expected that the Applicant will develop a joint-operation agreement with Law Tieng's Farm LLC by which they will share base yard facilities, equipment, and fields.

Under a Right-of-Entry, the Applicant has cleared significant portions of the parcel and installed a pump and filter station adjacent to the 10 MG reservoir and have nearly completed their conservation planning. TM Farm LLC is owned and operated by Tony and Manyvone Law with over 50 years of combined farming experience and a proven track record of success.

LAND REQUEST:

Applicant requests a land license for the 133.32 gross acres, more or less, of Lot 15 (Exhibit B) to be used for purposes of diversified agriculture.

WATER NEEDS AND SOURCE OF WATER:

Water is available from the 10 MG reservoir which is located on Parcel 5 and is connected to Bott Well.

OPERATIONAL PLAN:

Applicant intends diverse plantings of banana, Thai ginger, various tropical fruits (i.e., mango), taro (leaf, corm, stem), eggplant, daikon, et al. for both local and continental markets.

CONSERVATION PLAN:

Applicant was approved as a "cooperator" with the West Oahu Soil and Water Conservation District and has been developing a soil and water conservation plan with the United States Department of Agriculture's Natural Resources Conservation Service; the plan is nearly finished. The terms of the license will require the plan to be approved within one year of the effective date of the license.

DISCUSSION:

The Board has already selected the Applicant for the parcel pursuant to the application process in early and mid-2021, and subject to the Board's own due diligence.

An approximately 11-acre portion of the Premises was subject to unauthorized use to dump abandoned and stolen vehicles, as well as a large fire in September 2021. ADC hired a consultant who, in cooperation with the State of Hawaii, Department of Health, has developed a plan for soil remediation. ADC has requested appropriations to implement the remediation plan (see Executive Director's Report). This portion of the Premises are unavailable at this time until it has been fully remediated.

Approval of this request represents an initial annual rental income of \$23,322 (in years 1-3).

RECOMMENDATION:

Based on the foregoing, staff recommends that the Board approve the Land Request noted above, subject to the following conditions:

1. The term of the license shall be 35 years; and
2. The rental rate shall be \$200 per acre per year in years 1-3; \$400 per acre per year in years 4-10, with a 2.5% increase at the start of years 11, 16, 21, 26, and 31); and
3. A conservation plan shall be developed and approved within one year of the effective date of the license; and
4. No subletting shall be allowed without Board approval; and
5. No residential structures shall be allowed; and
6. Rent credits for improvements may be allowed, subject to Board approval.

Respectfully Submitted,

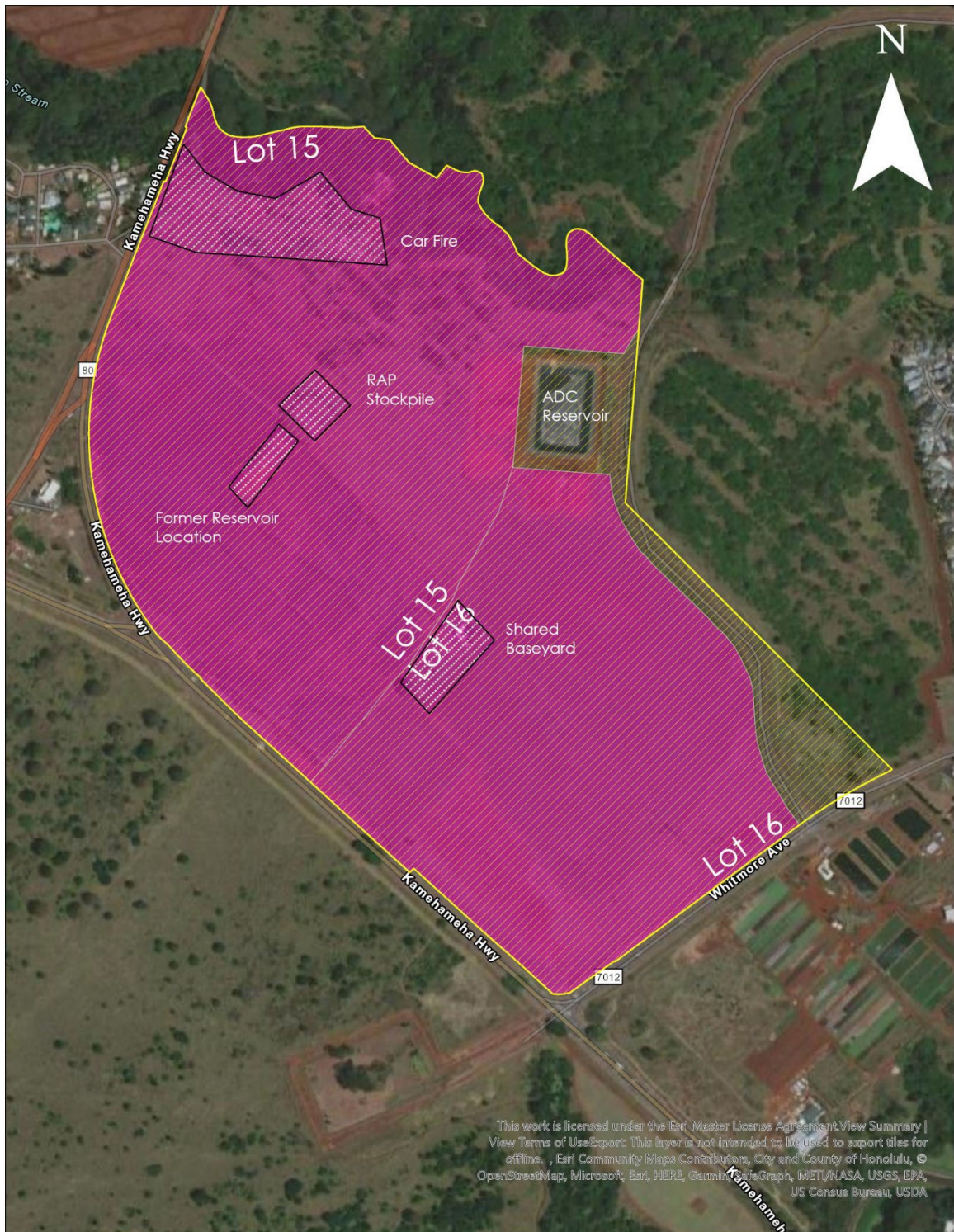
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James J. Nakatani
Executive Director

EXHIBIT A



EXHIBIT B





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

November 16, 2022

Subject: Request for Approval to Issue License Agreement to Ohana Hui Ventures, Inc. for 397.3 Acres, More or Less, in Wahiawa, Oahu, Hawaii, Tax Map Keys (1) 7-1-001:012, (1) 7-1-002:041 (por.), :046, :047, (1) 7-1-002:034, :006

Licensee: Ohana Hui Ventures, Inc.

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

Area: 397.3 gross acres, more or less (253.51 tillable)

Field No(s): Parcels 12, 46, 47, 34, 6, 41 (por.)

Tax Map Key: (1) 7-1-001:012, (1) 7-1-002:041 (por.), :046, :047, (1) 7-1-002:034, :006

Land Status: Acquired in fee by the Agribusiness Development Corporation in 2012

Trust Land Status: Section 5(b) 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: Diversified Agriculture, Aquaculture

Land Doc. Type: License

Term: 35 years

Rental Rate: \$0 per acre per year (until July 2023)
\$14 per acre per year (Year 1-3)
\$100 per acre per year (Year 4-10)
\$1 per acre per year (non-tillable)
+2.5% (start of year 11, 16, 21, 26, 31)

BACKGROUND:

On March 4, 2021, the Agribusiness Development Corporation (ADC) issued a Request for Applications for nearly 1,500 acres of undeveloped agricultural land on the island of Oahu. ADC received over thirty applications for the five parcel locations, among them, an application from Ohana Hui Ventures, Inc. ADC's Board of Directors (Board) subsequently approved the recommended highest-scoring applicants for the five parcel locations. Ohana Hui Ventures, Inc. (Applicant) was selected to farm the Whitmore agricultural lands, which comprised of 6 parcels (Exhibit A).

Under a Right-of-Entry issued by ADC, the Applicant has performed its due diligence, removed trash and solid waste, cleared portions of the parcel, and have completed their conservation planning. Ohana Hui Ventures, Inc. and partners are a group of locally owned and operated companies committed to creating a circular bio-economy for Hawaii's future generations using native intelligence. The group has over 20 years of farming experience and community engagement in the areas of workforce development and trade certifications. In addition to farming, their focus is to provide communities with opportunities in workforce training and education.

LAND REQUEST:

Applicant requests a land license for 200+ acres to be used for purposes of diversified agriculture, which includes industrial hemp, aquaponics, limited livestock for fire mitigation and brush management, and agri-education.

WATER NEEDS AND SOURCE OF WATER:

Water is available from a 2-inch Board of Water Supply water meter located on Whitmore Ave.

OPERATIONAL PLAN:

Applicant intends diverse plantings of industrial hemp, dryland taro (leaf, corm, stem), Asian vegetables, and native Hawaiian plants. Food crops will be produced for local consumption. The livestock will be used solely for fire mitigation and brush management.

CONSERVATION PLAN:

Applicant has completed their conservation plan with assistance from the U.S. Department of Agriculture's Natural Resources Conservation Service and it was approved by the West Oahu Soil & Water Conservation District on August 23, 2022.

DISCUSSION:

The Board has already selected the Applicant for the parcel pursuant to the application process in early and mid-2021, and subject to the Board's own due diligence.

The applicant has removed trash and solid waste that was illegally dumped on the property at no cost to the State. In addition to cleaning up the land, they have provided vocational training and classes to the community free of charge.

RECOMMENDATION:

Based on the foregoing, staff recommends that the Board approve the Land Request noted above, subject to the following conditions:

1. The term of the license shall be 35 years; and
2. The rental rate shall be \$0 per acre per year until July 2023; \$14 per acre per year in years 1-3; \$100 per acre per year in years 4-10, with a 2.5% increase at the start of years 11, 16, 21, 26, and 31); and
3. Applicant's conservation plan shall be developed and approved within one year of the effective date of the license; and
4. No subletting shall be allowed without Board approval; and
5. No residential structures shall be allowed; and
6. Rent credits for improvements may be allowed, subject to Board approval.

Respectfully Submitted,

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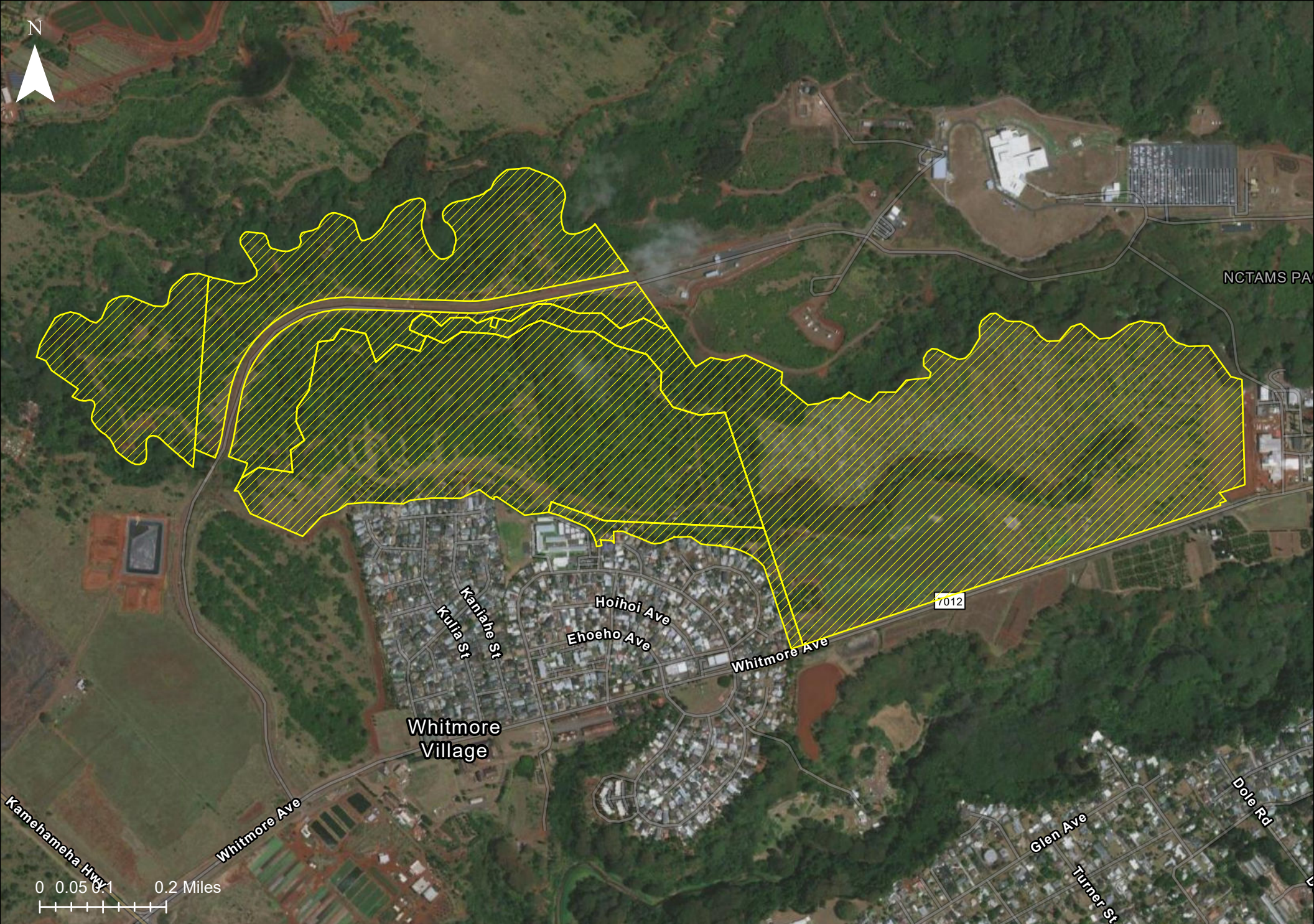
James J. Nakatani
Executive Director

*Request for Approval to Issue License Agreement to Ohana Hui Ventures, Inc. for 397.3 Acres,
More or Less, in Wahiawa, Oahu, Hawaii, Tax Map Keys (1) 7-1-001:012, (1) 7-1-002:041 (por.),
:046, :047, (1) 7-1-002:034, :006*
November 16, 2022
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EXHIBIT A

Map of Premises

[see following page]



NCTAMS PA

7012

Whitmore
Village

Kaniahe St
Kula St

Ho'hoi Ave
Ehoeho Ave

Whitmore Ave

Kamehameha Hwy
0 0.05 0.1 0.2 Miles

Glen Ave
Turner St

Dole Rd

Ohana Hui Ventures, Inc.

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

EXECUTIVE DIRECTOR'S UPDATE

November 16, 2022

1. Christian Crossing Bridge Repairs Nearing Completion

ADC contractors working on repairing the Christian Crossing bridge in Kalepa have nearly finished with their repairs following the rainstorm event in 2020 which damaged the bridge. Several small punch list items remain.

BEFORE



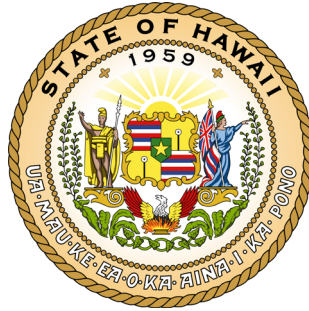
AFTER



2. Sentinel Landscape Partnership Working Group Site Visit at Galbraith

The U.S. Department of Defense Readiness and Environmental Integration Program (REPI) was started in 2003 to reduce encroachment by incompatible land uses next to training installations and bases and to address climate resiliency. At the end of 2020, the Army approached the Trust for Public Land (TPL) Hawaii office to help it apply for Sentinel Landscape designation, which, if successful, would aid requests for REPI funds in Hawaii by giving them higher priority relative to other applications. ADC staff participated in the October 2022 site visit to the Galbraith property with representatives from the U.S. Department of Defense, REPI program, U.S. Department of Agriculture, TPL, Hawaii Department of Lands and Natural Resources, Hawaii Department of Agriculture, City & County of Honolulu, and several other state, local, and non-government agencies to illustrate the importance of Hawaii receiving a Sentinel Landscape designation to the various stakeholders.

3. ADC Annual Report FY22 – Draft (attached)



Agribusiness Development Corporation

Annual Report

Fiscal Year 2022

Submitted December 2022



Who is ADC?

The Agribusiness Development Corporation (“ADC”) is a state agency created in 1994 by the Hawaii State Legislature and administratively attached to the Hawaii Department of Agriculture¹, to conserve and convert arable lands and their associated infrastructure that were formerly large mono-crop plantation lands into new productive uses. The agency’s ultimate goal is to ensure that agricultural production and agribusiness ventures will be responsive to the current food and other agricultural needs of the State.

In 2005, the Hawaii 2050 Sustainability Task Force developed a broad, comprehensive plan that recognized local food production as a key element of food self-sufficiency and sustainability for the State. In his Sustainable Hawaii Initiative, Governor David Ige unveiled his 2016 roadmap, adopting the guiding principles of the Sustainability Task Force and narrowing his focus on five goals. Included among the five goals was the increase in local food production, a key element in our quest to prudently utilize our natural resources and to ensure that we today and our successors in the future can enjoy the beauty and bounty of this great state.

With the support of the Legislature, ADC’s first major action in 1988 was the purchase of the nearly 100-year-old Waiahole ditch from the Waiahole Irrigation Company, Ltd., formerly the Waiahole Water Company, Ltd., a subsidiary of Oahu Sugar Company. Litigation over the propriety of the diversion and re-direction of water from the lush windward side of Oahu to the drier, but arable lands in central and leeward Oahu began in 1995 and continued for 15 years, until its final resolution in 2010. ADC continues to operate and manage the 26-mile-long ditch, which provides non-potable water to approximately 5,866 acres of agricultural lands.

In 2012, with a new administration, a new executive director, and an energetic and visionary board of directors, and again with the support and direction of the Legislature, ADC began an aggressive campaign to kick-start Hawaii’s diversified agricultural production. At the same time, Dole Foods Company and Castle and Cooke Hawaii began to divest themselves of lands that were best suited for agricultural use, keeping those lands with optimum commercial value for commercial and residential development. Through the concerted efforts, support, and confidence of the administration, the Legislature, and the private sector, ADC began and continues to acquire the best arable lands from Waialua to Wahiawa and Waipio, enabling it to fulfill its mission of conserving and converting former sugarcane and pineapple fields into diversified crop production, and guaranteeing these prime lands will never be lost to casual farming or other non-agricultural uses. Since 2012, ADC has acquired approximately 3,371 acres of former sugar and pineapple lands in the area. A breakdown of the land purchases can be found in the appendix.

Earlier this year, Governor Ige signed into law Act 219 that approved the transfer of ADC to the state Department of Business, Economic Development and Tourism (DBEDT). We are grateful in partnering with DBEDT and the resources the department can provide in furthering our mission in expanding local food production.

With the COVID-19 pandemic resulting in initial food shortages, the general public seems to have a better understanding and greater respect for local farmers. Local agriculture on ADC property will not only help us

¹ Act 219 of 2022 transferred ADC’s administrative attachment from the Hawaii Department of Agriculture to the Hawaii Department of Business, Economic Development, and Tourism, effective July 1, 2022.



toward our goal of food sustainability but diversify our local economy and help ADC safeguard Hawaii's agricultural lands in perpetuity.

ADC's Mission

To acquire and manage, in partnership with farmers, ranchers and aquaculture groups, selected arable lands, water systems and infrastructure for commercial agricultural use and to direct research into areas that will lead to the development of new crops, markets and lower production costs.

What ADC Does for Hawaii

Rich agricultural lands are one of Hawaii's greatest assets. ADC's role is to protect the future of agriculture in Hawaii by facilitating its transformation from a dual crop economy of sugar and pineapple to a multi-crop industry. The breadth of ADC's responsibilities includes transitioning former plantation lands and water systems to diversified long-term agricultural use, initiating and developing diversified agriculture facilities, and finding innovative solutions for issues facing the agricultural industry today.

ADC's unique position enables it to coordinate Federal, State and private resources to optimize agribusiness opportunities. Its exemptions from Hawaii Revised Statutes Chapter 171 regarding land use, as well as Public Utilities Commission regulations and civil service laws, allow for greater flexibility in managing its programs. ADC fosters the growth of agricultural enterprises across the state by providing affordable irrigation and long-term licenses or leases to tenants, which stimulates investment in agribusiness and enhances the viability of agriculture in Hawaii.

ADC has the power to achieve these goals through diverse efforts, such as:

- Acquiring and managing select arable agricultural lands, water systems and infrastructure.
- Acquiring agricultural conservation easements to protect certain agricultural lands.
- Organizing farmers and users into cooperatives that benefit from the participants' common interests and collective efforts.
- Assisting in acquiring or constructing processing and/or treatment facilities to enhance producers' abilities to access export or value-added opportunities.
- Informing, educating or training farmers on various industry practices such as food safety, production techniques and land uses.
- Coordinating and cooperating with other government agencies, educational institutions and private organizations to advance agriculture in Hawaii.
- Conducting research and demonstrative projects to facilitate the transfer of knowledge or adoption of technology.
- Conducting economic and feasibility studies relating to agriculture.



Organizational Overview

The ADC is headed by an 11-member board of directors consisting of four members representing counties, four at-large members, and three ex-officio members. The current members as of June 30, 2022 are:

Frederick Lau, Chair
City & County of Honolulu Member

Warren Watanabe, Vice Chair
At Large Member

Lyle Tabata
Kauai County Member

Vacancy
Hawaii County Member

James Gomes
Maui County Member

Glenn Hong
At Large Member

Lloyd Haraguchi
At Large Member

Karen Seddon
At Large Member

Phyllis Shimabukuro-Geiser
Ex-Officio, Board of Agriculture Chairperson

Mary Alice Evans
Ex-Officio, Department of Business, Economic Development & Tourism
Designated Representative

M. Kaleo Manuel
Ex-Officio, Department of Land & Natural Resources
Designated Representative

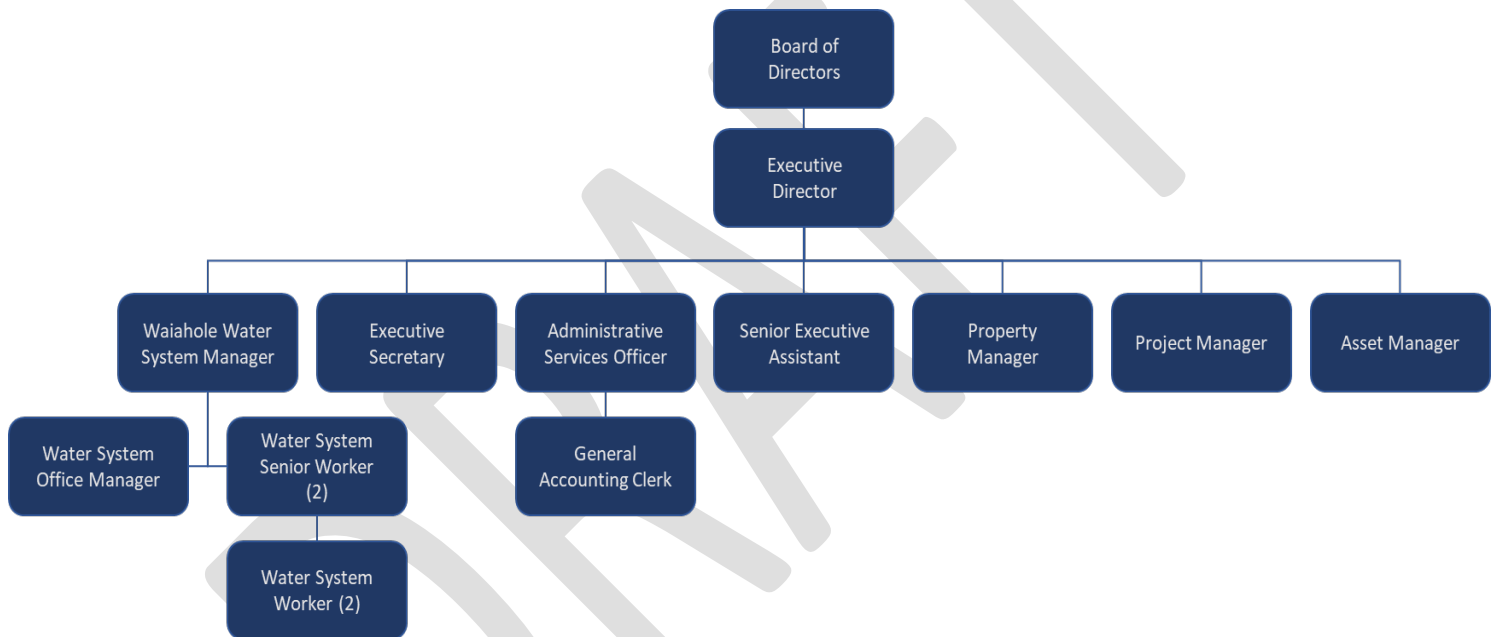


ADC Staff

The ADC Executive Director is James Nakatani.

A staff of 14 employees, including the Executive Director, support agribusiness development and maintain the Waiahole Water System. The following positions are yet to be filled:

1. General Accounting Clerk – position authorized effective 7/1/2018
2. Asset Manager – position authorized effective 7/1/2016



*proposed position organization chart



**FY2021 Financial Statement
Agriculture Development Revolving Fund**

	Budget	Actual
Revenue		
Kekaha	\$ 508,463	\$ 520,489
Galbraith	\$ 201,295	\$ 309,366
Navy 2468	\$ 915,449	\$ 915,449
Misc	\$ -	\$ 5,384
East Kauai	\$ 195,970	\$ 243,840
Whitmore 24	\$ 54,902	\$ 63,421
Tamura Warehouse	\$ 17,424	\$ 18,876
Whitmore 256	\$ 111,565	\$ 116,090
Kalaeloa Rendering Plant	\$ 37,120	\$ 34,027
Mokuleia Aquaculture	\$ 913	\$ 933
Dole 73	\$ 2,612	\$ 4,835
Paalaa Uka	\$ 90,490	\$ 88,566
Other	\$ -	\$ 255,575
OHA/DHHL		\$ (289,656)
Total	\$ 2,136,203	\$ 2,287,194
Expenditure		
Kekaha	\$ 505,812	\$ 470,092
Galbraith	\$ 678,039	\$ 818,488
Navy 2468	\$ 336,898	\$ 351,720
Misc 2		\$ 553
East Kauai	\$ 10,257	\$ 4,460
Whitmore 24	\$ -	\$ 263,001
Tamura Warehouse	\$ 16,489	\$ 80
Whitmore 256	\$ 74,840	\$ 59,694
Paalaa Uka	\$ 16,009	\$ 9,319
Payroll	\$ -	\$ 21,352
Admin-Fiscal Office	\$ 170,391	\$ 221,102
Insurance		\$ -
Total	\$ 1,808,734	\$ 2,219,861
Revenue Less Expenditure	\$ 327,469	\$ 67,333



**FY2022 Financial Statement
Waiahole Water System Revolving Fund**

	Budget		Actual	
Revenue				
Water Delivery	\$	1,302,729	\$	1,244,320.96
Investment Earnings	\$	4,903	\$	5,294
Total	\$	1,307,631	\$	1,249,615
Expenditure				
Payroll & Benefits	\$	502,020	\$	516,877
General Administration	\$	172,659		\$95,354
Equipment / Vehicles (new)	\$	1,474	\$	2,703
Insurance	\$	5,674	\$	8,298
Materials & Supplies	\$	18,351	\$	22,743
Repairs & Maintenance	\$	12,688	\$	27,107
G.O. Bond Repayment	\$	422,325	\$	422,774
Total	\$	1,135,191	\$	1,095,857
Revenue Less Expenditure	\$	172,441	\$	153,758



FY2022 Financial Statement
Agriculture Development & Research Fund

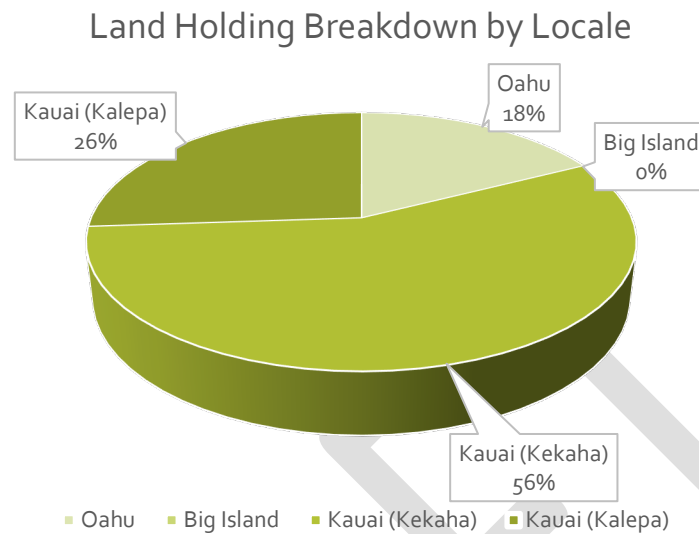
Revenue	Budget	Actual
Legislative Appropriation	\$ 1,104,521	\$ 789,421
		\$ 15,100
Total	\$ 1,104,521	\$ 804,521

Expenditure		
Kekaha	\$ 1,500	\$ 1,523
Galbraith	\$ 156,000	\$ 156,388
Tamura Warehouse	\$ 11,000	\$ 10,651
Whitmore 256	\$ 1,500	\$ 1,445
Payroll	\$ 560,000	\$ 572,387
Admin-Fiscal Office	\$ 62,000	\$ 62,013
Insurance	\$ 90	\$ 91
Total	\$ 792,090	\$ 804,497
Revenue Less Expenditure	\$ 312,431	\$ 24



Land Banking Overview

This graph illustrates the breakdown of land areas managed by ADC.



Central Oahu Lands

In 2012, the Trust for Public Land purchased 1,732 acres of land from the Galbraith Estate, near Wahiawa, and transferred the land to two Hawaii public agencies. ADC received 1,200 acres and the Office of Hawaiian Affairs (OHA) received the 500 acres surrounding Kukaniloko, the royal birthing site. Today, ADC owns or manages nearly 4,000 acres on Oahu. The properties can only be used for agriculture or agriculture-related activities.

Kalepa, Kauai Lands

In 2005, ADC gained control of nearly 6,000 acres of former Lihue Plantation land, now referred to as Kalepa..

Kekaha, Kauai Lands

In 2002, with the closing of all Amfac/JMB sugar operations, ADC gained control of over 12,000 acres of land in the Mana plains area of Kekaha, followed in 2009 with the transfer of the Kokee Ditch System, the Kekaha Ditch System, two pump stations, two hydro-electric power plants, and an irrigation/drainage ditch system.



Development and Maintenance of Physical Agriculture Infrastructure Overview

FY 2022 saw ongoing planning and community engagement for the Wahiawa Recycled Water Irrigation Project and the Whitmore Community Food Hub Project. Staff received Board approval and funding for the purchase of three deep-water wells from Dole Food Company to supply irrigation water to ADC tenants and provide redundancy for ADC irrigation systems; acquisition efforts are ongoing. Additionally, ADC supported legislative efforts to fund the acquisition of the Wahiawa Reservoir, which would have included the Wahiawa Ditch system.

Property Management Activities

Much of ADC's efforts focus on property management – the processes and labor required to manage the life cycle of all acquired property including acquisition, control, accountability, responsibility, restoration, maintenance, utilization, and disposition. Property management encompasses both individual properties and the infrastructure that ties the region together. Adding to this complexity is the requirement that ADC farmers submit an approved conservation plan and meet current food safety and good agriculture practices (GAP) criteria. ADC effort to encourage tenant farmers to embrace GAP certification was paused at the start of the Covid-19 pandemic. However, efforts are again underway.

Oahu Lands Highlights

FY2022 Accomplishments

Galbraith & Wahiawa-Whitmore Area

1. The ADC selected farmers to develop farms on approximately 1,200 acres of remaining ag lands in and around the Wahiawa-Whitmore area. Rights of Entry has been issued to the farmer and long-term agreement are under negotiations.
2. Continued negotiations to acquire 3 deep wells to increase water security for the surrounding farmlands.
3. The State Legislature appropriated \$4M to ADC to improve the deep wells and irrigation system to bring water to ADC land.
4. The State Legislature appropriated \$1.62M to ADC to complete the plans and design for the Wahiawa Reclaimed Water Irrigation System.
5. Completed proof of concept study for the Central Oahu Food Hub.
6. Issued Request for Proposal for the construction of a High-Pressure Processing machine and agricultural facilities in the Central Oahu Food Hub on June 2, 2022.
7. The ADC removed an estimated 1,000 abandoned vehicles illegally dumped on a vacant parcel. The parcel has been awarded to farmers who are clearing and preparing the land for agricultural production.
8. The ADC partnered with Honolulu Police Department, Dole Foods, and Council Member Tsuneyoshi to address homelessness in the area through the Homeless Outreach and Navigation for Unsheltered Persons (HONU) program, which assisted over 75 homeless individuals from the area.
9. Acquired an additional 50 acres of agricultural land in Whitmore Village for agricultural production.
10. Continuing sweeps of vacant properties with the assistance of HPD until tenants are licensed and can begin to occupy and farm the land.
11. Staff continued to push tenants to embrace GAP training and certification as FSMA rules come into force.
12. Continued clearing of vacant lands in anticipation of new tenants.



Image 1: Bell pepper crop at Galbraith.



Kauai Lands Highlights

FY2022 Accomplishments

Kalepa Area

1. The ADC awarded a Contract to Kaikor Construction Group to improve the Christian Crossing Bridge. Estimated completion date is December 2022.
2. Weed control operations were conducted three times, including repair of potholes, for the more than six-mile Common Element Road.
3. Land awarded to tenants for diversified agriculture (see Image 1).



Image 1: New sweet potato crop in Kalepa, Kauai.

Kekaha Area

ADC settled the 2016 Clean Water Act lawsuit filed by EarthJustice. Under the terms of the settlement, ADC is currently implementing extensive water quality testing to identify the sources and levels of pollutants in the drainage canals and irrigation ditches in the area. It continues to utilize best management practices to reduce storm water runoff. ADC also submitted an application for a National Pollutant Discharge Elimination System permit and is awaiting approval of the permit from the State Department of Health.

1. The ADC awarded a contract to Jas. W. Glover, Ltd. to improve the interior access road. Estimated completion date is August 2022.
2. Legislature appropriated \$3.5M to ADC for Kekaha Ditch Modifications. This requirement to modify the instream flow is the result of a settlement of a complaint against ADC before the Commission on Water Resources Management (“CWRM”) to stop waste of water, and a petition to amend interim instream flow standards in the Waimea River
3. The ADC contracted 5Ks ENV – Island Resource Solutions to assist ADC complete and obtain a National Pollutant Discharge Elimination System permit.
4. Governor Ige signed Executive Order No. 4660 transferring 267 acres from the Hawaii Department of Agriculture to ADC.



Image 1: Mana Plain looking South.

Waiahole Water System

The Waiahole Water System (“WWS”) provides a constant and stable source of irrigation water to approximately 5,866 acres of land in central and leeward Oahu. The system produces 22 to 29 million gallons per day (mgd). On average, about 5 to 7 mgd is diverted for use to system customers. The remaining water is discharged into various windward streams including Kahana, Waikane, Waianu and Waiahole streams.



The WWS is a key component in ADC’s Central Oahu Water Security Plan, which seeks to improve the efficiency of the WWS. Improvements will not only ensure the production of crops but will also address some of the goals of the Hawaii Fresh Water Initiative in their 2016-2018 Blueprint for Action, Water Security for an Uncertain Future.

1. There is ongoing construction of a new 15MG reservoir, new intake, and transmission line along the ditch to increase the capacity of the system and water security. Estimate completion date is October 2022.
2. Legislature appropriated \$5M to ADC for construction of a back-up well and ditch improvements.



Oahu Feed Mill - Kalaeloa, Oahu

The ADC awarded a contract to Diamond Head Seafood, Inc. to develop the Oahu Feed Mill in Kalaeloa, Oahu. The State Legislature appropriated \$4M to the ADC in 2019 to purchase equipment for a feed mill on Oahu to address a major bottleneck in the agriculture industry. The Hawaii animal industry consistently identifies the cost of feed as the most expensive component in operational costs. This concern is in line with the national and global effort to reduce feed costs by replacing high-cost ingredients with lower-cost alternatives. Hawaii's situation is exacerbated by the lack of local feed mills, which necessitates the importation of livestock feed. Years of research and local workshops to encourage and support the development of locally produced feed have not improved the deficient feed stock situation in the State.

In addition, local feedstock development will reduce the amount of viable waste streams (agriculture and food waste) entering into community landfills. Both agriculture and food waste are promising feed ingredients and have not been leveraged to their greatest potential yet. However, more research must be conducted to match chemical profiles with livestock feed requirements.

The proposed feed mill will be able to implement the research feed formulas and quickly deliver quality products to the industry. By reducing feed costs and the environmental impact of waste streams, the State and livestock industry will benefit in multiple ways.

Grant-In-Aid Projects

Waimea Nui Community Development Corporation

ADC continues to administer an HRS 42F grant-in-aid for \$800,000, pursuant to Act 49, SLH 2017 to develop water infrastructure for the Waimea Nui Community Agricultural Park, District of Kohala.

Challenges Ahead

Funding challenges as a result of the Covid-19 pandemic proved not to be as challenging as originally expected. However, economic forecasts for the later part of 2022 and beyond, raise concerns about funding opportunities for ADC's projects to improve food security and resiliency.

Additionally, staff anticipates tenant farmer challenges associated with obtaining GAP training and certification, and meeting the mandates of the federal Food Safety Modernization Act of 2011.

On Kauai, ADC's properties and the community-at-large have endured a number of extreme flooding events in the last several years. The realities of climate change suggest that these events may become more frequent and more severe in the coming years. Sea level rise is already threatening coastal communities across the world, and is a particular concern for the community and ADC tenants in Kekaha, Kauai.



ADC and our tenants continue to experience and attempt to mitigate agricultural theft and other security issues such as trespassing, encampments of houseless individuals, and other illegal activity. These phenomena are hardly unique to ADC; indeed, farmers large and small struggle to mitigate these activities. ADC has experienced some small measure of success by partnering with local law enforcement, as well as recently awarding much of our vacant land to tenant farmers. Regardless, the economic realities of the pandemic, as well as recent enforcement activities which disrupted large encampments elsewhere appear to have resulted in greater numbers of houseless individuals and increased transient activity on ADC lands and the lands of our neighbors.

Lastly, ADC, like many landowners and State agencies, continues to experience pressure for access to prime agricultural lands from competing non-agricultural interests such as solar power generation, waste disposal, and recreational and training activities.

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Appendix I

Land Purchase Summary as of FY2022

ADC Land Purchase Breakdown

Seller	TMK	Acreage	Closing
Trustee of the George Galbraith Estate	Various	1,250	2012
Castle & Cooke, Inc.	1-7-1-002-009	24	2013
Tamura Enterprises, Inc.	1-7-4-012-016	2	2014
Dole Food Company, Inc.	1-7-1-002-004 1-7-1-002-023	257	2015
W.H. Shipman, Ltd.	3-6-151-002	2	2015
Dole Food Company, Inc.	1-6-5-002-001	73	2016
Dole Food Company, Inc.	1-7-1-002-006 1-7-1-002-034	197	2016
Castle & Cooke, Inc.	1-7-1-002-032	205	2016
Dole Food Company, Inc.	1-6-4-003-016 1-6-5-001-046	386	2017
Castle & Cooke, Inc.	1-9-5-003-007	92	2017
Dole Food Company, Inc.	1-6-5-002-011	215	2017
Dole Food Company, Inc.	1-6-4-004-008 1-6-4-004-006	234	2017
Dole Food Company, Inc.	1-6-5-005-002	434	2017
Dole Food Company, Inc.	1-6-5-001-044	114	2020
Castle & Cooke, Inc.	1-7-1-002-037 1-7-1-002-044	30 22	Pending Pending



Appendix II

Reporting Requirements per 163D-19(b)(1)-(4), HRS as of
FY2022

See Data on Following Pages



Appendix III

Hawaii Agribusiness Plan (2021)

See Agribusiness Plan on Following Pages