Pursuant to section 92-3.7, Hawaii Revised Statutes (HRS), this meeting was held remotely with Board members, Staff, Applicants, and the Public participating via Zoom meeting venue, and an In-Person meeting location available for public participation at the State of Hawaii, Leiopapa A Kamehameha, State Office Tower Building, 235 South Beretania St., Suite 204, Honolulu, HI 96813.

Members Present, virtually:

Frederick Lau, City & County of Honolulu, Chairperson (Chair)
Mary Alice Evans, Designated Representative, DBEDT, Ex-Officio Member (Ms. Evans) exited the meeting at 9:38 a.m.
Glenn Hong, Member-At-Large (Mr. Hong)
Kaleo Manuel, Designated Representative, DLNR, Ex-Officio Member (Mr. Manuel)
Phyllis Shimabukuro-Geiser, Chairperson, Board of Agriculture, Ex-Officio Member (Ms. Shimabukuro-Geiser) joined the meeting at 9:50 a.m.
Morris Atta (Mr. Atta) (designated attendee for Ms. Shimabukuro-Geiser until her arrival) exited the meeting at 9:50 a.m.
Lyle Tabata, Kauai County Member (Mr. Tabata)
Warren Watanabe, Member-At-Large (Mr. Watanabe)

Members Excused:

Lloyd Haraguchi, Member-At-Large
Karen Seddon, Member-At-Large

Counsel Present, virtually:

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

Staff Present, virtually:

James Nakatani, Executive Director (Mr. Nakatani)
Ken Nakamoto, Project Manager (Mr. Nakamoto)
Lyle Roe, Property Manager (Mr. Roe)
Lance Tashima, Administrative Services Officer
Lynette Marushige, Executive Secretary

Guests Present, virtually:

Senate Ways and Means Committee
Basil Gomez
F. Fuchigami
“Guest Guest”
Joshua Uyehara
Kristy Ringor
Mike Faye

Guests Present, physical location:
None.

A. Call to Order
Chair called the virtual meeting to order at 9:02 a.m..

B. Roll Call

Chair conducted a roll call of the Board. Chair called the name of each Board member and asked them to identify their presence with a “here” or “present” and to state who, if anyone, was present in the room with them. Chair stated that the roll call served as the roll call vote. For each subsequent vote, the Chair would ask if there were any objections. If there were no objections the motion will be approved on the same basis as the roll call.

Roll call: Ms. Evans, Mr. Hong, Mr. Manuel, Mr. Atta for Ms. Shimabukuro-Geiser, Mr. Tabata, and Mr. Watanabe acknowledged attendance with no guests present. Ms. Evans exited the meeting at 9:38 a.m. Ms. Shimabukuro-Geiser joined the meeting at 9:50 a.m. Mr. Atta exited the meeting at 9:50 a.m.

C. Approval of Minutes – Board of Directors Meeting on August 17, 2022

Motion to Approve: Mr. Manuel; Seconded: Mr. Watanabe

Chair asked if there was anything from the staff. There was none.

Chair asked if there was any comment from the public. There was none.

Chair asked for any Board discussion. Mr. Atta said he would abstain from voting because he was not present. Mr. Manuel stated that if Mr. Atta abstained, we do not have quorum.

Ms. Prescott-Tate reminded the Board that six members present makes quorum.

Chair called for the vote.

Motion approved: 6-0 (Mr. Atta abstained)

Chair asked if the Board should approve the August 17, 2022 minutes from the Executive Session at this time.

Ms. Prescott-Tate responded no, that will be taken up during executive session and to move on to the next agenda item.

D. New Business

Chair informed the Board that before addressing New Business, they will be taking Old Business Agenda Item E-1 out of order.

E. Old Business

1. Request for Approval to Adopt the “Land Management Policy and Procedure Manual” as Recommended by the Investigative Committee on Land Management Policy & Procedures (continued from August 17, 2022, Item D-2)
Chair called for a motion to approve and accept the Land Management Policy and Procedure Manual as presented at the previous meeting. Motion to Approve: Ms. Evans, Second: Mr. Tabata

Chair asked Ms. Evans, Chair of the Investigative Committee on Agricultural Policy, to present the findings and recommendation of the committee regarding the Land Management Policy and Procedures Manual.

Ms. Evans said that the committee presented the Land Management Policy and Procedures Manual at the previous meeting in August. She does not have a presentation at this time but speaks in favor of the motion based on the nine months of careful due diligence that the committee and staff put into creating the policy manual and ensuring that it is consistent with the auditor’s findings and the House Investigative Committee’s recommendations.

Chair asked if there was anyone from the public who wished to give testimony. There was none.

Chair asked if there was any discussion.

Mr. Manuel asked Ms. Evans, just for the record, that he provided robust feedback and comments last month so were there any edits made to the policy based on that conversation as detailed in the minutes that they just approved or is the recommended approval an approval as is without incorporating or editing based on his comments?

Ms. Evans responded that his comments were very helpful and robust and allowed them to approve, once again, the recommendations that the committee made to the full Board last session. They did not make changes based on the discussion, but she very much appreciated the questions he raised and the opportunity to consider those issues.

Mr. Manuel asked Chair to indulge him, as one of the only people providing comments to try to help improve the policy document, he’s just going to vote no on this because if the intent is to include the entire Board, he feels that he’s been pretty consistent and every time he’s asked for guidance on policy he was told it would be taken up in the policy document. To get to this point and realize that it’s not being considered and there’s no amendments being made, he just can’t agree to the policy as drafted. He supports the work that has been done but speaking for himself and having participated and engaged and read through the policy, provided comments and to see those comments not being addressed or incorporated, it doesn’t sit well with him, so he’ll respectfully be voting no.

Chair stated that Ms. Evans did write a relatively lengthy list of comments to Mr. Manual’s responses and the committee did review them. Chair asked if Ms. Evans could chime in.

Ms. Evans said that Mr. Manuel’s questions were helpful but as the committee went through those comments they were able to see that they were either addressed in the Policy and Procedures Manual that was presented to the full Board or they should be addressed in ways other than through the manual. There was discussion on his questions but that didn’t result in changes.

Mr. Manuel said that none of that was reflected in the report that was presented today. It’s just being told to him now so it would be helpful if the justifications not to include his recommended edits would be on the record. It’s helpful to understand why those weren’t included. Why those suggestions weren’t included were not present in the submittal so it’s hard to vote yes on this matter.
Ms. Evans asked that the responses to Mr. Manuel’s questions from the last meeting be added to the record of this floor action.

Mr. Manuel said if that’s the case, could this be deferred till next month and then add the committee’s responses. That way he could potentially change his vote if his comments were addressed. It feels awkward to add it to the record when he doesn’t get to see it. He will still be voting no. Provide him with a response so he can understand how they came to the conclusion that there was no need to amend the draft policy. He leaves it up to the Board. He’s just trying to understand the logic and right now he doesn’t have anything except for what Ms. Evans is telling him. He doesn’t see any justification in the submittal as drafted.

Chair thought the response was pretty detailed and he doesn’t have a problem with sharing it with the Board and he doesn’t see a problem with delaying it until next month.

Mr. Watanabe asked to make a comment. He agrees with Mr. Manuel. He thinks it’s important the full Board understands. This is a very important document for ADC to move forward. He would also like to see the responses to Mr. Manuel’s questions. It makes for a better decision.

Chair asked Ms. Prescott-Tate if it’s ok to defer until the next meeting.

Ms. Prescott-Tate said it can be deferred till the next meeting and the comments can be provided.

Chair deferred the matter until the next meeting.

Mr. Manuel said he appreciates the deferral. He looks forward to reading the responses and making this a stronger document and hopefully voting yes at next month’s meeting.

Chair asked if they should go back to the regular agenda.

Ms. Prescott-Tate responded yes.

D. New Business

1. Request for Approval to Issue a Letter of Intent, Conduct Due Diligence, and Negotiate the Purchase of Fee Simple Interest in Real Property Located at Wahiawa, Oahu, Hawaii, Tax Map Key (1) 7-3-004:020

Chair called for a motion for approval to issue a letter of intent, conduct due diligence, and negotiate the purchase of fee simple interest in real property located at Wahiawa, Oahu, Hawaii, Tax Map Key (1) 7-3-004:020.

Motion to Approve: Mr. Watanabe, Seconded: Mr. Tabata

Chair asked for staff presentation.

Mr. Nakatani stated he will do the presentation. This is to start the due diligence process with a Letter of Intent (LOI). He visited the building and it’s not quite an apartment complex, more like worker housing. This will be part of the Whitmore Project. They looked at building housing in Whitmore and if this could be a substitute instead of building it in Whitmore, this is already built and it’s a pretty impressive building. It has all the amenities. It’s practically in the middle of downtown Wahiawa. It has transportation modes a
Chair asked how many units are in the building, it’s not mentioned in the submittal.

Mr. Nakatani responded there are twenty-four units, eighteen parking stalls. Usually worker housing you don’t depend on people parking cars, the farmers usually pick up the workers and take them to the worksite. It’s a very nice complex, very new so it’s pretty solid. It’s worth taking a look at.

Chair asked so it’s twenty-four one-bedroom units.

Mr. Nakatani responded yes.

Chair asked if there was any other Board discussion.

Mr. Manuel noted that the map on Exhibit A included in Item D-1 shows a vacant lot. The lot that is highlighted on California Avenue is a vacant lot, so what apartment are you referencing?

Mr. Nakatani said he’s sorry but it’s not a vacant lot. It’s 360 California Avenue and it’s already built. He’s not sure what he’s looking at but it’s not a vacant lot.

Mr. Manuel said that Exhibit A in Item D-1 has a blue square around the vacant lot on California Avenue.

Mr. Roe interjected that he generated that map from DPP’s (Department of Permitting and Planning) website. The map was just to show the location.

Chair said he missed asking if there was anyone from the public who wanted to testify. There were none.

Chair asked if there was any other Board discussion.

Ms. Evans said she speaks in favor of the motion. During the last year the Office of Planning and Sustainable Development has conducted a comprehensive economic development strategy process that included focus groups on all four counties and on Oahu. The need for farm worker housing was the top priority. It’s critical for agriculture to have farm worker housing available in order to allow workers to work in commercial agriculture entities.

Chair said he did a drive-by to look at the building. It’s within walking distance of the new Wahiawa Value-added product center that is being developed on California Avenue. It is near transportation which could get people over to the food hub or even farms in that area. It’s a convenient building and this is the approval to begin due diligence.

Mr. Manuel said he totally supports workforce housing. Just a question he has in anticipation of acquisition. What’s the strategy of our property management ability? Coming from an agency that struggles with housing in general, it’s a whole other field of expertise and capacity that will need to be built. He just wants to throw that out to the Board knowing that ADC’s focus is on Agribusiness, but now we’re moving into housing. There is a whole different set of additional kuleana that comes with managing that type of investment. What’s the thought on that? Would it be a partnership or leasing it out through a property management company.
Mr. Nakatani said this is the strategy also with Whitmore if we were to build housing. It’s not the desire of ADC to run housing because that’s not our expertise. We’d probably go to some type of non-profit agency or a private entity or some partnership. Right now it’s not in our portfolio to run a housing unit. That’s something that’s been discussed, and we’re not in the housing business.

Chair said in previous discussions about worker housing, for example that was being talked about in conjunction with the food hub, they were looking at a property management group to come in and take care of that. Good question though because he’s thought about that too.

Mr. Atta said he had the same thought as Mr. Manuel and he’s glad that it’s on the table for discussion. Property management for residential purposes is really different from ag land management. He was wondering how that would work with the staffing that ADC has. He knows ADC is stretched really thin, so he was concerned about that. And the valuation estimate, he knows this is all due-diligence but the six odd million dollars value, is that a number that the seller is putting out? He’s assuming as this moves forward that this will go through an appraiser and get appropriate appraisal values and the question that he would have is what kind of parameters would be given to the appraiser if the intent is workforce housing as opposed to market housing. He’s assuming, whoever developed this property developed it with that intent so there may be valuation issues that will need to be dealt with. He’s just throwing it out there. He supports the intent, but he’s concerned about those issues.

Mr. Nakatani said they visited the site. It’s on the market, that’s what the seller is putting it on the market for. The seller is aware that everything is subject to appropriation, and everything is subject to appraisal. Yes, there’s a valuation question but that’s part of our due diligence. It’s not a typical apartment, it’s more like a barracks type building, three stories. It has a common kitchen and common recreation area; individual rooms, individual toilets. Again, this is part of due diligence. We’re aware of what is available, and we’re doing a comparison with building new units in Whitmore. And it has to go to the legislature for appropriation. It will be scrutinized again.

Mr. Atta said based on the description that Mr. Nakatani gave, it sounds like they could be looking at some community concerns about those monster homes. That’s what it sounds like in terms of the structure. He just wants to throw it out there from a public perception standpoint. Do we run the risk of having to deal with that issue given the controversial nature of that lately in the papers?

Mr. Nakatani said that’s part of due diligence. But it’s already built. He’s not sure what it was previously used for but there were people living in the building. Our concern is the condition of the building. That will all come out in due diligence. And again, ADC is not in the business of housing. We would get help from another agency or management company. It’s the same issue we would have if we built in Whitmore as part of the Food Hub. But as Ms. Evans pointed out this is an important thing for agriculture and ADC is willing to walk through it.

Chair said it looks more like an apartment building than a big house. Chair called on Mr. Hong.

Mr. Hong said it sounds like it’s fairly recent construction. Do we know when it was built?

Mr. Nakatani said he has some information but that’s part of due diligence. It’s been occupied, it has coin operated washing machines, dryers and everything. He doesn’t know exactly what was there before but it’s a very nice complex, it doesn’t look like it has any repair issues. That’s the attractiveness and as Chair pointed out it’s close to bus lines and all of the amenities. One of the biggest things, when you look at Whitmore, we would have issues with entitlements to water and building permits. We will do a cost analysis and everything else and come back to the Board. But just looking at it now, it seems like a great buy.
Mr. Hong said as they get into due diligence, obviously you’ll look at permitting and does it have all the permits in place for a multi-unit dwelling as well as looking at demand side. He’s assuming that generally we know the space demand for that particular type of housing, single individual. Is that sufficient to meet the demand or is it more than the demand out there and how do we manage that if it was a bigger unit then there’s demand. It’s all a part of due diligence.

Mr. Nakatani said yes it’s all a part of due diligence. But just looking at the property, and the way it’s set up, it looks very, very good. You never know when you start the due diligence and if there’s any kind of deficiencies and stuff like that, it will come out.

Ms. Evans noted that now ADC is attached to Department of Business, Economic Development (DBEDT), DBEDT has the Hawaii Housing Finance and Development Corporation, which from time to time she sits on that board and she’s aware that they have very detailed knowledge of the non-profit that operate affordable rental housing and that might be helpful further down the line to ADC.

Mr. Tabata said along those lines he had a question. Now that ADC is under DBEDT, what is the structure, where does ADC sit? He knows this is off topic but if DBEDT has any synergies within the department that can assist and take over, like Mr. Nakatani said up front ADC’s not in the housing business. There may be other sections in DBEDT that can assist and oversee a project like this because they have the general knowledge that Mr. Nakatani is confessing not to have. He finds it a bit hard not understanding now the charge that Mr. Nakatani has, what his role is supposed to be, maneuvering from the Department of Agriculture (HDOA) to DBEDT. He just would like to know.

Mr. Nakatani said that was a great question. Scott Murakami at DBEDT made arrangements for some of his staff, members of DBEDT, ADC staff, and the ADC Chair to look at the Food Innovation Center. He couldn’t make it that day. That had spurred some interest. He received an email from Mr. Murakami, and he said they want to talk with ADC to help with this housing issue, and other issues that will come up. He’s not sure what group in DBEDT but it’s pretty wide and they’re pretty knowledgeable. What’s amazing is that everybody’s there to help and willing to put it together and they have an interest to see how ADC can fit within DBEDT, not only for our organization but the State. It’s very refreshing. We’re going to have a meeting in a couple of weeks. It’s always been his position that he’s not getting into the housing business. He would warn ARM that they shouldn’t get into the housing business cause it’s like Mr. Manuel said, it brings a different set of problems. A lot of it is social, family and stuff that you never anticipate. So, if you can avoid it, avoid it at all costs.

Chair asked if there was any further discussion. Hearing none, Chair called for the vote.

Motion approved: 7-0

2. Request for Approval to Issue a Letter of Intent, Conduct Due Diligence, and Negotiate the Purchase of Fee Simple Interest in Real Property Located at Wahiawa, Oahu, Hawaii, Tax Map Key (1) 7-4-012:005

Chair called for a motion for approval to issue a letter of intent, conduct due diligence, and negotiate the purchase of fee simple interest in real property located at Wahiawa, Oahu, Hawaii, Tax Map Key (1) 7-4-012:005.

Motion to Approve: Mr. Watanabe, Second: Mr. Tabata
Chair asked for presentation by staff.

Mr. Nakatani said this is a parcel on the corner of California Avenue and Plum Street, 1001 California Avenue. It’s adjacent to the property that the Food Innovation Center is on. The property owner came to them and asked if they wanted to purchase it. This has always been on the radar, but the owner wasn’t interested in selling that property. Now they’re interested in selling. Again they want to start with the LOI and conduct due diligence on this property to be part of the Food Innovation Center. This would be an addition to the Food Innovation Center. The Chair visited the center and said it’s already too small and they need more space. This would be a very good addition to that space.

Chair asked if there was anyone from the public who wished to present testimony. There was none.

Chair asked for Board discussion.

Mr. Atta said he had a comment. He knows that they are approving a due diligence inquiry to the property. Just something to think about. He’s been involved in a bunch of contaminated property litigation, specifically with regards to service stations, gas stations, and he does know the due diligence that will go into that inquiry. It’s something that he wants them to be acutely aware of. Very often the liabilities and risks associated with these sites tend to be pretty high and he just wanted to point that out. He appreciates the fact that they are doing due diligence and not actually moving forward.

Chair agreed with Mr. Atta. There is always a concern every time he looks at a service station. He has seen some major problems that can take years to take care of. But again, this is just allowing the due diligence. It does have to come back to the Board for approval. Chair asked if there was any other discussion? Hearing none, Chair called for the vote.

Motion approved: 7-0

E. Old Business

1. Item 1 was taken out of order before Item D-1 regarding the Adoption of the Policy & Procedure Manual.

Ms. Evans exited the meeting at 9:38 a.m.

2. Presentation and Update by Kekaha Agriculture Association (KAA) Regarding the 2022 Readiness and Environmental Protection Integration (REPI), Program Challenge Grant for an Open Floodable Space Proposal in Kekaha, Kauai, Tax Map Key (4) 1-2-002.001

Chair asked for the representative from KAA to make the presentation.

Mr. Gomez joined the meeting and said that Mr. Faye was having communication issues this morning, so he was available to speak on behalf of KAA. This presentation follows up on the presentation made to the Board in March 2022 about a request to approve an in-concept lease or license of up to four hundred acres of open space in Kekaha. KAA applied for a grant through the Department of Defense Readiness and Environmental Protection Integration (REPI) Program. The grant will cover design and permitting over the next three years. Total of ten million dollars is needed to complete the project and it will take eight to ten years to complete. KAA will apply for other grants to complete the project.

Mr. Nakamoto said that Mr. Faye was now available to do the presentation. Mr. Faye entered the meeting.
Mr. Faye shared a power point presentation giving an update on the open floodable space project. The initial grant was for 1.9 million. The purpose of the project was to address flood water, sea level rise, climate change, and improve the water quality. The project will use approximately four hundred acres of land near Nahili Pond. Only two hundred acres will be flooded for purposes of trapping sediment. This will improve the quality of water entering the ocean. The land is currently fallow and unlicensed.

Chair thanked Mr. Faye for the presentation and said he assumes that at some time in the future, they will be back to give the Board another update.

Mr. Faye said that is correct.

Ms. Shimabukuro-Geiser joined the meeting at 9:50 a.m.

Mr. Atta exited the meeting at 9:50 a.m.

Chair called for a ten-minute recess.

Recess taken from 9:52 a.m. to 10:12 a.m.

2. Annual Performance Review of the Executive Director (continued from August 17, 2022, Item E-1)

Chair called the meeting back to order at 10:12 a.m.

Chair stated the Board may go into executive session, pursuant to HRS section 92-5(a)(2), to consider the evaluation of employees where consideration of matters affecting privacy will be involved; pursuant to HRS section 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; and, pursuant to HRS section 92-5(a)(8), to deliberate or make a decision upon a matter that requires the consideration of information that must be kept confidential pursuant to a state or federal law.

Before going into executive session, Chair asked if there was any public testimony? Please be advised that testimony is limited to the decision to go into executive session. There was none.

Chair asked for a motion to go into executive session.

Motion: Mr. Tabata, Seconded: Mr. Watanabe

Chair asked if the staff had any presentation. There was none.

Chair asked if there was any Board discussion. There was none.

Chair called for the vote.

Motion approved: 6-0

Chair called the meeting back to order at 10:46 a.m.

Chair stated that the Board deferred the acceptance of the annual performance evaluation of the ADC Executive Director James Nakatani until the next meeting.
F. Executive Director’s Update

Mr. Nakatani said that ADC received notification from Andros Engineering Corporation at Whitmore, and he believes also on Kauai, that they were moving out of Hawaii. They have been accommodating the Board of Education to look at that site for their commercial kitchen and a temporary site for one of their buildings in Wahiawa, due to displacement while the Wahiawa Civic Center Project is under construction.

Aside from that ADC is still waiting for their budget to be transferred from HDOA to DBEDT; it is somewhat tied up between the two agencies. We’re in a lull period and he’s hopeful that in the next couple of weeks the issue will be resolved, and they can start paying their bills again. In the meantime, they are keeping track of ADC’s projects, and everything is moving ahead.

G. Adjourn

Chair called for a motion to adjourn.

Motion to Approve: Mr. Tabata, Second: Mr. Manuel

Chair asked if there was any discussion. Hearing none, Chair called for the vote.

Motion approved: 6-0

Meeting adjourned at 10:48 a.m.

Respectfully Submitted,

Lynette H. Marushige
Secretary