

AGRIBUSINESS DEVELOPMENT CORPORATION

Minutes of the Board of Directors Meeting held Virtually on November 16, 2022

Via Zoom Teleconference and/or In-Person at 235 S. Beretania St., Room 204, Honolulu, HI 96813

Approved: ADC Board Mtg. January 25, 2023
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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., Room 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)
(joined the meeting at 9:07 a.m.)
Brian Kau (designated attendee for Ms. Shimabukuro-Geiser until her attendance) (Mr. Kau)
Warren Watanabe, Member-At-Large (Mr. Watanabe)
Glenn Hong, Member-At-Large (Mr. Hong)
Lyle Tabata, Kauai County Member (Mr. Tabata)
Karen Seddon, Member-At-Large (Ms. Seddon)
Kaleo Manuel, Designated Representative, DLNR, Ex-Officio Member (Mr. Manuel)

Members Excused:

Phyllis Shimabukuro-Geiser, Chairperson, Board of Agriculture, Ex-Officio Member (Ms. Shimabukuro-Geiser)
Jayson Watts, Maui County Member

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)
Mark Takemoto, Executive Assistant (Mr. Takemoto)
Lance Tashima, Administrative Services Officer
Lynette Marushige, Executive Secretary

Guests Present, virtually:

Ford Fuchigami
Scooter
T J
KITV Island News
Mark L

Guests Present, physical location: None.

A. Call to Order

Chair called the virtual meeting to order at 9:03 a.m.

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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, and 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: Mr. Hong, Mr. Manuel, Ms. Seddon, Mr. Kau, Mr. Tabata and Mr. Watanabe acknowledged attendance with no guests present. Ms. Evans joined the meeting at 9:07 a.m.

C. Approval of Minutes

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.)

Chair asked for a motion to approve: Mr. Watanabe, Seconded: Mr. Hong.

Chair asked for staff presentation.

Mr. Roe stated he did not have a presentation but was available to answer any questions.

Chair asked if there was anyone from the public who wished to give testimony.

Mr. Nakamoto called upon “T J” to enter the virtual meeting.

T J asked if there was a cap on the rent credits for this tenant and also the next agenda item.

Mr. Roe said that would be up to the board. It really depends on what the tenants put into it. The rent credits would not be unfettered.

T J also asked for the percentage or portion of their produce that would be earmarked for local consumption and what portion would be for non-local use.

Mr. Roe responded that was unknown.

Chair added for clarification that the Board will be requesting the tenants to provide data on what is being produced and where it is being sold. We’re working on that. Hopefully next year we’ll have that in place.

T J continued with one more question. Will the remediation plan that’s being worked on now be available for the public to view and comment?

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Mr. Roe responded that he was unsure. Mr. Nakamoto has been working on that so I'm not certain what the process is going to be. The plan will be reviewed by the Department of Health (DOH) but I'm not sure whether that's going to be available for public comment.

T J concluded her testimony by thanking the Board.

Chair asked for Board discussion on this motion.

Mr. Manuel asked a few water-related questions. Do we know what type of irrigation was being proposed? Is it drip? Have they submitted an irrigation plan?

Mr. Roe responded that he hadn't seen any irrigation plans but it will be drip.

Mr. Manuel continued that we use 2500 gallons per acre, per day for this type of diversified Ag. That totals a little over 200,000 gallons per day. It says that the Bott Well or the reservoir that's by the Bott Well will be the source of water for this license. I just want to flag for this body that ADC's water-use permit is for two million gallons per day (MGD) from Bott Well. The high use in June was reported at about 1.5 MGD. As we consider these new licenses, there's three proposed today to pull water from Bott Well, ADC may be getting close to the maximum allocation. If there's a desire to increase the allocation, you have to come to the Water Commission to request the modification and then go through that formal process. But, based on the numbers I'm seeing in the water use permit, ADC may be getting close during the dry months of the year. I just wanted to flag that for this body as we're approving these license conditions to be in compliance with the water use permit.

Chair thanked Mr. Manuel and stated he believed this was the only property of the new licenses that will be using the Bott Well. ADC's hoping to secure other wells that will feed some of the other licensees. Mr. Nakamoto, do you want to add anything?

Mr. Nakamoto responded that he really can't disclose information about purchase negotiations, but ADC is searching for alternative water sources. And, just to clarify, two of today's license submittals will be using water from Bott Well.

Mr. Manuel reminded the board that for planning purposes those two licenses add about half a million gallons of use. Add that to June's reported value to the Water Commission, ADC is at two MGD. As we're approving these licenses, ADC needs to be cognizant not to violate or over pump the allocation. Otherwise the fun begins between the Water Commission and ADC. I want to make sure that ADC is in compliance with the water code.

Chair asked for any other discussion and recognized Ms. Evans.

Ms. Evans thanked Mr. Manuel for the very helpful information and asked which aquifer the Bott Well taps into?

Mr. Manuel replied that should be Wahiawa. I can get you the exact aquifer in a second.

Ms. Evans asked if a hydrologist had estimated the sustainable yield from the entire Wahiawa aquifer.

Mr. Manuel explained that the Wahiawa aquifer was basically maxed out so getting new allocations was going to be challenging. Existing use was below sustainable yield, the quantity, but if I'm

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looking at this correctly, it is in the Wahiawa aquifer system area and the sustainable yield for Wahiawa is 23 MGD.

Ms. Evans asked what's the total allocation approved by the Commission.

Mr. Manuel responded, good question, I would have to tally it up, I don't have that data readily available right now but that's something the Water Commission could provide ADC. One of the things I will add for this body to consider is climate change projections and impacts of reduced recharge on the aquifers throughout the state. Based on seven out of eight models, those recharge values are decreasing or show a downward trend. The commission may look at considering reducing sustainable yield throughout the state where appropriate. That's just a reminder for us to not just rely on one water source as a way to provide water to ADC's end users but to start to look at alternative sources like R-1, desalination; other types of non-potable uses, water, for those non-potable uses. I just wanted to flag that for this body cause, Wahiawa is a tricky aquifer to deal with.

Chair asked if there was anyone else.

Mr. Manuel said he had one more question on the 2.5% rent increase, was that a standard inflation factor for rent openings. I'm just curious where that number came from.

Mr. Roe stated that's based on the policies and procedures we approved at the last meeting.

Mr. Manuel thanked Mr. Roe.

Chair asked if there was any other discussion and if not he would call for the vote.

Mr. Nakamoto interrupted saying T J had her hand up. T J entered the virtual meeting.

T J stated that she meant to take her hand down, but the discussion was very interesting and thanked Mr. Manuel for his comments because we do need to keep an eye on our beautiful water in Wahiawa.

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

Vote approved: 8-0

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.)

Chair asked for a motion to approve: Mr. Manuel; Seconded: Ms. Evans.

Chair asked for staff presentation.

Mr. Roe stated he did not have a presentation but was available to answer questions.

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

Chair asked for discussion by the Board on this motion.

Mr. Manuel raised a similar question for Mr. Roe about the style of irrigation. I'm assuming drip here as well.

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Mr. Roe replied, yes, it will be identical.

Mr. Manuel stated, just again, I'm estimating based on how we plan for water use about 333 thousand gallons per day, based on tillable acres. Again, just wanted to repeat my comments to the first item above about being conscious of how we pump Bott Well and how water is managed throughout these parcels. Thank you.

Chair called on Mr. Kau.

Mr. Kau remarked that the submittal identified an 11-acre portion that was not being included. Are those 11-acres, taken out of the 133 gross or is it included in the 16.79 non-tillable.

Mr. Roe responded that it's included in the tillable right now. We're going to include it in the license so that we can let them use it when we get the all clear from DOH, but they won't be charged for it while it's undergoing remediation.

Chair asked if there was any other discussion, if not he'll call for the vote.

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

Vote approved: 8-0

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

Chair asked for a motion to approve: Ms. Seddon; Seconded: Ms. Evans.

Chair asked for staff presentation.

Mr. Nakamoto stated that he stood on the written submittal and was available to answer questions.

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

Chair asked for discussion by the Board and called on Mr. Manuel.

Mr. Manuel asked another water related question about TMK 7-1-001-012, the 31.6-acre parcel. That TMK is referenced in the water use permit as a potential end use. Technically that one could be served via the Bott Well, but the remaining TMKs aren't included. So, again, I'm just flagging this to stay in compliance with the water use permit. If there is a desire to use the Bott Well to support any of the other TMKs, you'd have to come to the commission to request a modification to add those end uses to your permit. I did notice that there's a two-inch meter recommended for use from the Department of Water Supply (DWS). If that's in place, is DWS ok with the quantity of use being proposed?

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Mr. Nakamoto responded that the two-inch water meter has been installed and we'll be working closely with building storage as well as other means to conserve and make sure that there's enough water to go around.

Mr. Manuel stated for planning purposes, the quantity is over 600,000 gallons a day at full build out. That's a lot of water from the DWS system and considering some of the shortage issues we're dealing with on this island, I was just interested. Thank you.

Chair called on Mr. Kau.

Mr. Kau asked for clarification, looking at the difference in the rental rate between this parcel and the last two licenses that were just approved. Is the difference strictly because of the character of use, aquaculture vs. diversified Ag? Because diversified Ag is also listed here.

Mr. Nakamoto clarified that it's actually the difference is based on the activities that they're doing with the community. If you notice on the map, this particular parcel abuts a lot of the homes in Whitmore and this Licensee is working with the community. They have done a lot of clean up, picking up a lot of trash in the area, on their dime. They're also doing vocational training. They're trying to uplift the community and ADC is just trying to support that.

Mr. Kau asked if after year ten, the 2.5% increase will be implemented.

Mr. Nakamoto acknowledged that was correct.

Mr. Kau further clarified, so it will be 2.5% on the \$100 per acre, per year?

Mr. Nakamoto acknowledged that was correct.

Chair asked if there was any other discussion and called on Mr. Manuel.

Mr. Manuel said, just one more thing, the submittal states that the conservation plan was approved by the Soil and Water Conservation District. Most of those plans aren't available because it just says, subject to approval of the conservation plan. But since this one was already completed could it be made available to the Board?

Mr. Nakamoto stated that it could be provided to the Board.

Chair asked if there was any other discussion, if not he'll call for the vote.

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

Vote approved: 8-0

4. Complaint Referral from Department of Budget & Finance

Chair stated that new business item D-4 and Old Business item E-1 will be taken in Executive Session pursuant to section 92-5(a)(4), Hawaii Revised Statutes (HRS), which allows the Board to hold an executive meeting closed to the public. The Board may go into executive session for three purposes: 1) The Board may go into executive session, pursuant to HRS section 92-5(a)(2), to consider the evaluation of an officer or employee where consideration of matters affecting privacy

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will be involved; 2) Pursuant to HRS section 92-5(4), to consult with the Board's attorney on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities; and 3) 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 we go into Executive Session is there any public testimony? There was none.

Chair asked for a motion to go into Executive Session: Ms. Evans; Seconded: Mr. Manuel.

Chair noted there was no staff presentation and asked if there was any board discussion. There was none.

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

Vote approved: 8-0

Board entered executive session at 9:30 a.m.

E. Old Business

1. Update Regarding Ohana Best v. State of Hawaii, et al., Civ. No. 19-1-1640-10.
See New Business D-4 – item taken in Executive Session:

The Board returned from executive session at 9:56 a.m.

Chair moved on to the next agenda item and called upon the Executive Director to give his report.

F. Executive Director's Report

Mr. Nakatani greeted the Board and thanked the Chair. Mr. Nakatani stated his report was very short. If you look at his report in the submittal, Christian Crossing, it's not finished but I think we did a lot to improve Christian Crossing Bridge.

Mr. Tabata remarked that it looked good.

Mr. Nakatani continued saying hopefully it's pretty safe but just to reiterate, that bridge is important since at one time the County was looking at that to be an emergency route in case the Wailua Bridge went out. It's a pretty important bridge over there. Secondly, the staff, Mr. Roe and Mr. Takemoto, went out to meet with the U.S. Dept. of Defense Readiness and Environmental Integration Program (REPI) people. The meeting went well and hopefully we can get some funds that can be deposited in a separate account just for the Wahiawa community. Lastly, the draft Agribusiness Development Corporation's Annual Report to the legislature is attached. If you have any comments submit it to us. Shortly after Thanksgiving the report will go to DBEDT and then to the legislature. That's my report, any questions?

Ms. Evans asked if Mr. Nakatani could expand on the Sentinel Landscape Partnership Working Group Site Visit at Galbraith, item 2 on your report, if you can expand a little on that.

Mr. Nakatani stated that Mr. Roe could probably do a better job on that because he was there, but it's REPI, kind of similar to what happened in Kauai; the military trying to discourage encroachment. What the military does is buy an easement and they give you some funds. The issues I had with that is, I wanted the money to be deposited in a special account and not just go into the general fund. I wanted to

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make sure the funds were available to ADC to benefit the community or that area would benefit the most. Scotty Wong from Ohana Hui Ventures was there and did a very good job. The military they're pretty sensitive to the community now, especially Native Hawaiians like that so, that went well.

Ms. Evans asked if ADC property abuts the military property in Wahiawa.

Mr. Nakatani responded yes, that's NCTAMS (Naval Computer and Telecommunications Area Master Station Pacific); I guess it's a communication center and you have other properties around there. That's the reason why they're looking at doing more. They have one easement now, but they want to expand. That's why they're talking to ADC.

Ms. Evans asked what the funds will be used for.

Mr. Nakatani replied that's a board thing. But I'm hoping that if we do have the funds like that we maybe think about this and have a community group or something to give us guidance to spend the money, what would be the best to do. You know try to uplift the whole community, especially Whitmore. There're so many negative things going on over there. I think that Ohana Hui coming in is a great hope for uplifting the community. Hopefully we get some funds and can put back to the community and we'll see what we can do from there.

Ms. Evans asked if it's your impression that it's an annual payment or a one-time payment.

Mr. Nakatani said I'm not sure, I think it's a one-time payment but, either way, put it in that account, and hopefully it doesn't get raided or something like that. You know, that's why I asked for a separate account just for that purpose and for that area. I mean it's not just for Whitmore but the whole Wahiawa area that could benefit from that easement. That's the whole purpose of the whole thing.

Ms. Evans asked, the easement, what are they allowed to do if an easement is given?

Mr. Nakatani replied there are restrictions. Mainly, they don't want buildings of certain heights, trees or something like that. But, it would allow I'd say 99.9% of our agriculture to be there. They just don't want structures coming onto our property, and encroachment; not to have 50-foot trees blocking them right next to the base, they'd probably object to that.

Chair called on Mr. Manuel.

Mr. Manuel asked about the Christian Crossing Bridge repair, was any work done in the stream?

Mr. Nakatani replied no; we separated the contracts because it takes a long time to get the stream permits, so what they did was, they just worked on the top portion.

Mr. Manuel stated I just wanted to make sure that if you are going to go in the stream you have to get a SCAP (Stream Channel Alteration Permit) from the Water Commission.

Mr. Nakatani noted that ADC might be short of funds to do the whole thing.

Mr. Manuel made a request for future boards, if there could be like an annual report, or a discussion on all of the ADC water systems. When we talk about the individual licenses, the water needs and source of water are presented, but as I reviewed the annual report it's pretty robust with a lot of the work that's happening and the budgeting and so forth. As an asset of the agency it would be good to have a better

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understanding of the water sources. For example, a presentation about the Waiahole Water System and how that's operating, and what are some of the plans moving forward. So, we as a board can understand more holistically how management is happening. Like, once a year reporting on those water systems would be good. Just a request.

Mr. Nakatani stated, maybe you weren't on the board at that time, but I think we started off as the Waiahole Water Security plan and then it kind of morphed into a different name but to address what you're talking about, how do you conserve water and not waste water and how to bank it right with reservoirs and everything. That was kind of the plan. And I believe that it might have gotten, and this may be a question for Mr. Kau, the water use permit, the water use utilization plan, that Department of Agriculture has, that's a good start. But, I think that addresses most of the irrigation systems. So, we can provide that to the Board if you want.

Mr. Manuel responded that for the four-years that I've been on, we really haven't talked about Waiahole or there've been no presentations to the Board. I think it would be good because it's one of ADC's primary assets right? And as I look at the expenditures, Waiahole's actually one of the systems to end in the black which is great. It would be good as a presentation.

Mr. Nakatani acknowledged Mr. Manuel's request.

Chair asked if there were any other questions for Mr. Nakatani.

Mr. Nakamoto said there was one question from the public. Mr. Nakamoto called T J to enter the virtual meeting.

T J stated that she appreciated all the updates and had a request as a community member, that the ADC Board schedule a meeting with the community in Whitmore because of some of the comments that have been made by the Executive Director. I know that I speak for a lot of the community; I think it might help the Board to understand where the community is coming from when we continue to bring issues like the homeless on the properties and the vehicles that are continuing to be dumped on the properties. I would implore the board to schedule a time to come out and talk to the community. You know we had a meeting with Ohana Hui Ventures and a lot of us that were in attendance were not satisfied or not happy, and I'm trying to find the right words. We weren't very happy with the conversation that was had that day. I felt that it was a little disrespectful that the executive director wasn't there at the meeting. Not that we give less credit to Mr. Nakamoto, but it would have been nice for the executive director to be in attendance at that meeting. He should be at meetings that are held with tenants or potential tenants or applicants for properties of ADC that are right within Whitmore town. I will put it out there, as a community member, I'm happy to help coordinate something. It's important that you as ADC members see and hear from the community about what ADC is doing in our community. These board meetings are great but not all of us can attend because most of us work. Right now, I just stepped out from my job to say a few words and to listen to the board meeting. But I would implore you and I would humbly request that the ADC board make time and schedule a meeting where you can come out and meet the members of our community that are being affected by what ADC is doing and the fact that ADC is in our community, so you can hear from our community members what our concerns are and how we can come together because we want ADC to succeed. We want an alternative agricultural plan for our community. It's not getting done; it's just not. I think it would be really helpful for the Board to speak with the community to understand why we push for things like better security, better land management, better property management. Not only in Whitmore but out to the North Shore including the area along Kaukunahoa, Hukilau Loop, Kamananui Road, Farrington Highway, out near Waialua High School, where there are still lots and lots of residents that have lived there and see all of the tenants that are coming in to farm on

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agricultural lands now controlled by ADC. I appreciate the board meetings, I appreciate all of your time that you give to this, but from a community member's standpoint, and this I say from a lot of the community members, we really would like for the Board to come out, even if it's only once a year or twice a year. Please come out to the community and meet with the community that is 100% affected by what ADC does and how they manage these beautiful agricultural lands that have supported our families for generations. I remain open for questions. My phone number is REDACTED. I appreciate any discussions, any conversations. We want agriculture to thrive and flourish so that our families can stay home. My two sons live on the mainland right now. My last one just moved in December of last year. We want our community to flourish so that our next generation can stay home and be able to feed and grow and that our families can thrive in this community. I appreciate all of you and I thank you for your time today. Aloha.

G. Adjourn

Chair asked if there was any other discussion, if not he'll ask for a motion to adjourn.

Chair asked for a motion to adjourn: Ms. Seddon; Seconded: Mr. Manuel.

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

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

Vote approved: 8-0

Meeting adjourned at 10:13 a.m.

Respectfully submitted,



Lynette Marushige
Secretary