

AGRIBUSINESS DEVELOPMENT CORPORATION

Minutes of the Board of Directors Meeting held Virtually on June 15, 2023

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

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 S. Beretania St., Suite 204, Honolulu, HI 96813.

Members Present, virtually:

Warren Watanabe, Member-At-Large, Vice-Chair (Mr. Watanabe)
Glenn Hong, Member-At-Large (Mr. Hong)
Sharon Hurd, HBOA, Ex-Officio Member (Ms. Hurd)
Jason Okuhama, Member-At-Large (Mr. Okuhama)
Karen Seddon, Member-At-Large (Ms. Seddon)
Lyle Tabata, Kauai County Member (Mr. Tabata)
Kaleo Manuel (Mr. Manual), DLNR Designated Representative for Ex-Officio Member Dawn Chang (joined meeting at 9:34 a.m.)

Members Excused:

Dane Wicker, DBEDT Designated Representative for Ex-Officio Member James Tokioka
Jayson Watts, Maui County Member (Mr. Watts)

Counsel Present, virtually:

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

Staff Present, virtually:

Mark Takemoto, Executive Assistant (Mr. Takemoto)
Ken Nakamoto, Project Manager (Mr. Nakamoto)
Lyle Roe, Property Manager (Mr. Roe)

Guests Present, virtually:

ADC Guest
Carol Okada, HDOA
Ford Fuchigami
HDOA
LM
Michael Yadao
Rr0109
Thomas Heaton (2x's)
18082272350
Mark Ladao

Guests Present, physical location: None.

A. Call to Order

Mr. Watanabe called the virtual meeting to order at 9:05 a.m.

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B. Roll Call

Mr. Watanabe conducted a roll call of the Board. Mr. Watanabe 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 over the age of eighteen was present in the room with them. Mr. Watanabe stated that the roll call served as a roll call vote, and for each subsequent vote, he 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. Watanabe, Mr. Hong, Ms. Hurd, Mr. Okuhama, Ms. Seddon, and Mr. Tabata acknowledged attendance with no guests present. Mr. Manual joined the meeting at 9:34 a.m.

C. Approval of Minutes

1. Board of Directors Meeting, May 18, 2023

Mr. Watanabe asked for a motion to approve the May 18, 2023 meeting minutes.

Motion to Approve: Ms. Seddon; Second: Ms. Hurd.

Mr. Watanabe asked if there was anything from the staff. There was none.

Mr. Watanabe asked if anyone from the public wished to give testimony. There was none.

Mr. Watanabe asked for board discussion. There was none.

Mr. Watanabe called for the vote. Hearing no objects the motion was approved: 6-0.

2. Special Board Meeting Minutes, Board of Directors Meeting, May 30, 2023

Mr. Watanabe asked for a motion to approve the May 30, 2023 minutes from the special board meeting.

Motion to Approve: Mr. Tabata; Second: Mr. Okuhama.

Mr. Watanabe asked if there was anything from the staff. There was none.

Mr. Watanabe asked if anyone from the public wished to give testimony. There was none.

Mr. Watanabe asked for board discussion. There was none.

Mr. Watanabe called for the vote. Hearing no objections the motion was approved: 6-0.

D. New Business

1. Request for approval to issue new and amended revocable permits to The Davey Tree Expert Company and Davey Tree Surgery Company in Whitmore Village, Oahu, Hawaii, TMK (1) 7-1-002:004 (por.); 009 (por.)

Mr. Watanabe asked for a motion to approve: Ms. Hurd; Second: Mr. Tabata.

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Mr. Watanabe asked for presentation by Staff.

Mr. Roe stated that at one of the previous meetings the Board was updated on asbestos and lead being discovered at a couple of the buildings in Whitmore. This request and the next two requests involve the areas we know were affected, and are sort of open spaces for Licensee operations. Testing was still being done on some of the other buildings so, there's a chance that they're will be further requests for license amendments once they have those test results. But the three requests, D1 through D3, were taking care of the issues they know about, and he's available for any questions.

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

Mr. Watanabe asked if there was any board discussion. Hearing none, Mr. Watanabe said he had a question. What will be the ultimate resolution to this issue, if any?

Mr. Roe responded, uncertain. They're operating on the information they have at the moment. They don't know what they don't know and won't know what they're going to do until the final test results come in. The testing should let them know and the future actions will be based off the findings of the testing that's going on right now.

Mr. Watanabe thanked Mr. Roe and asked if there were any other questions. There were none.

Mr. Watanabe called for the vote. Hearing no objections the motion was approved: 6-0.

2. Request for approval to amend Lease Agreement No. LE-W257-22-01 issued to Ohana Hui Ventures, Inc. in Whitmore Village, Oahu, Hawaii, TMK (1) 7-1-002:004 (por.)

Mr. Watanabe asked for a motion to approve. Ms. Seddon; Second: Mr. Hong.

Mr. Watanabe asked for staff presentation.

Mr. Roe said same presentation as before, but he did want to point out for Agenda items D 1 to D 3, the tax map key numbers on the agenda should be (1) 7-1-002:004 (por.), not (1) 7-2-002:004 (por.), and further noted in a footnote on Agenda items D 1 and D 2, the amended square footage was still under discussion. So if anything deviates from what we've presented to the Board today, the Board will be advised at the next meeting. But nothing should change drastically.

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

Mr. Watanabe asked for Board Discussion.

Mr. Tabata said his question also applies to the previous item as well. When ADC received these facilities, these buildings, was no due diligence done as far as looking for the presence of the lead and asbestos, which leads us into this predicament now.

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Mr. Roe responded that there was a phase one and a phase two environmental assessment done. But it looked primarily at the soil, in and around the 257-acre and the 24-acre parcel. It wasn't disclosed, as far as he knows, that there was lead or asbestos in the paint.

Mr. Tabata asked how old were these buildings?

Mr. Roe responded the oldest ones were probably built in the 1940's. The newer ones, the newer one on the end occupied by Ag Tech, were built he thinks in the 1990's or early 2000's.

Mr. Tabata said okay, those should be clean, anything after 1980 was probably OK.

Mr. Hong said yeah, in the prior minutes the discussion was that the focus was on the soils. And the expectation was that these older buildings were going, these older sheds were going to be demolished and they likely will be at some point, pending funding and planning.

Mr. Watanabe asked if there were any other questions. There were none.

Mr. Watanabe called for the vote. Hearing no objections the motion was approved: 6-0.

3. Request for approval to amend Lease Agreement No. LE-W1502 issued to Dole Food Company, Inc. in Whitmore Village, Oahu, Hawaii, TMK (1) 7-1-002:004 (por.)

Mr. Watanabe asked for a motion to approve: Mr. Okuhama; Second: Ms. Hurd.

Mr. Watanabe asked for staff presentation.

Mr. Roe said he doesn't have anything to present beyond what he's already mentioned for the previous two agenda items.

Mr. Watanabe asked if anyone from the public wished to give testimony. There was none

Mr. Watanabe asked if there was any Board discussion. These was none

Mr. Watanabe called for the vote. Hearing no objection the motion was approved: 6-0.

4. Presentation by Deputy Attorney General regarding Sunshine Laws and discussions between board members

Mr. Watanabe called on Ms. Prescott-Tate for the presentation.

Ms. Prescott-Tate said she's going to focus on permitted interactions between board members outside of a duly noticed public board meeting. The Sunshine Law is set forth in HRS chapter 92. One major rule of the Sunshine Law is that all board business must be discussed in a duly noticed open meeting.

HRS section 92-2.5(a) allows two board members to discuss between themselves matters related to board business as long as no commitment to vote is made or sought, and that two members does not constitute a quorum of the board. The purpose of this two-person interaction is to enable those two people to perform their duties faithfully. So, two board members can talk about board business as long as no commitment to vote is sought.

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What is board business? “Board Business” refers to specific matters that fall within the board’s authority, which refers to the matters where the board has supervision, control, jurisdiction, or advisory power. The ADC Board has authority to approve such things as the granting or denial of land licenses or leases, decisions on the sale or purchase of real property, input on procurement of goods and services, infrastructure investment, decisions on what projects to pursue, employment decisions, and ADC policy. What is not board business? Board business does not include past matters that were at one time before the board but have been concluded and not expected to be reconsidered or raised again in the foreseeable future. Board business does not include ministerial tasks such as scheduling of meetings, what items should be on the agenda, or board members’ travel arrangements.

A board member may provide information and materials to staff for inclusion in staff’s analysis or report on board business. So, this is for the staff members report. And the information and materials may be distributed to the board members as part of the staff’s report. But the staff’s report must not discuss or identify the individual board members’ position on the issue.

Board members must not use staff as a go-between to carry messages between board members. This is called “serial communications.” An example of this would be to ask staff to provide a report or memorandum to the board that was drafted by the board member urging a particular position, or a board member emailing their position to other board members. Another example of “serial communications” occurs when two members of a board discuss board business one-on-one, then the member or members go on to discuss this same matter with other members of the board one-on-one. Limiting the discussion to two people but having the same discussion with the whole board by a series of one-on-one interactions is not allowed. So, you can’t use the permissible two member scenario, and then one of each member goes to another board member, and goes to another board member, and so on, and they’re limiting their conversation to two, but in that way, the whole board is going to learn about the same conversation. So that’s another example of serial communications. And that’s not allowed.

So, you have a two-member permitted interaction, and then you have a Permitted Interaction Group. You may hear this interaction referred to as a “PIG.” The PIG is allowed pursuant to HRS section 92-2.5(b)(1), and it is also allowed through the ADC By-Laws, Article 4, section 3. The bylaws also refer to a PIG as an ad hoc committee. The board may establish a permitted interaction group composed of two or more board members. The maximum number of group members must be less than a quorum. The work of a permitted interaction group encompasses three meetings before the full board. At the first meeting, the permitted interaction group is formed; members are appointed to the group, and the scope of the group’s authority or mission is defined. Like what occurred at the May 30, 2023, meeting, the board created a three-member permitted interaction group for the purpose of selecting the top three candidates for the executive director position. After selection of that three member “PIG”, the committee was given the authority to accomplish six tasks, which will ultimately result in the selection of the top three candidates for the executive director position. Once the investigative permitted interaction group is formed, no new members or issues can be added to the group after that first meeting. So, once the group is formed and group’s authority defined, like in the example of the May 30th meeting, the authority of the selection committee was defined where they were given those six tasks to perform, those three members are permitted to have meetings outside of the open board meeting until their mission is accomplished. In the case of the executive director search committee, they are allowed to meet outside of a public meeting to review the applications, conduct candidate interviews, and prepare findings and recommendations.

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At the second meeting of the full board, the findings and recommendations of the investigative permitted interaction group are presented to the board. The board may not act on the findings or recommendations at the second meeting. This allows the public the opportunity to become involved in the process and present informed testimony at the third meeting. The third meeting is where the full board will discuss the investigative permitted interaction group's findings and recommendations.

Just remember, the purpose of the Sunshine Law is to allow open and public communication between all the board members for purposes of decision-making or to deliberate toward a decision upon a matter over which the board has supervision, control, jurisdiction, or advisory power. The permitted interaction rules may not be used to circumvent the spirit of the Sunshine Law requirements.

For more information on the subject, go to the Office of Information Practices website, under training, and look for links to the "Quick Review: Who Board Members Can Talk to and When – Parts 1 to 3."

<https://oip.hawaii.gov/wp-content/uploads/2018/07/23Jul13-Who-Bd-Members-Can-Talk-To-PART-1-rev-July-2018.pdf>

<https://oip.hawaii.gov/wp-content/uploads/2022/08/QR-Who-Bd-Members-Can-Talk-to-PART-2-2022.pdf>

<https://oip.hawaii.gov/wp-content/uploads/2022/12/QR-Who-Bd-Members-Can-Talk-to-When-PART-3-12.14.2022-final.pdf>

Anyone have any questions?

Mr. Hong asked, so, the PIG, and the task assigned is a personnel matter. Do all those requirements apply to the PIG in a personnel matter, or is that done in an executive session?

Ms. Prescott-Tate said in this instance, it's a search committee and the candidates are not employees. The candidates have a right to privacy, which would be preserved in executive session. The candidates may waive that right to privacy. So, if the PIG selects the top three contenders and the top three contenders waive their right to privacy, then the names can be announced in that open meeting. If they do not waive their right to privacy, then it would be held in executive session. So right now we don't know what's going to happen. Does that answer your question?

Mr. Hong said because, the way it was described if we bring two or three candidates to the open board we're going to be discussing qualifications and we're talking about the interviews, open to the public.

Ms. Prescott-Tate responded only if the candidates waive their right to privacy. The candidates do have a right to privacy, which could be preserved if the discussion was conducted in executive session.

Mr. Hong then asked, what if one candidate waives the right and two don't.

Ms. Prescott-Tate said, well, how this is going to happen has not been decided yet. But in that scenario the board could choose to conduct in-person interviews of the three prospective

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candidates in executive session, or the Board could decide, if only one were to waive the right to privacy, then the Board could decide to conduct the one interview in the public meeting. It's a Board decision.

Mr. Hong asked, could the PIG recommend that they all be conducted in executive session?

Ms. Prescott-Tate responded, sure, the recommendation is up to the committee.

Ms. Prescott-Tate asked if there were any other questions. There were none.

Mr. Watanabe said this was just an informational briefing so, there's no need for a motion or vote on this matter.

5. Election of officers to the Board of Directors for term July 1, 2023, to June 30, 2024

Mr. Watanabe stated the ADC Board of Directors has two officers: the Chair and Vice-Chair. According to Article 3, Section 2 of the ADC By-Laws, the positions of Chair and Vice-Chair shall be elected by the Board of Directors from among its members, provided that neither of them shall be an ex officio member. The election shall be held on the last regular meeting held prior to July 1st of each year, and the officers elected at each regular election shall take office on the first day of July following their election.

The duties of the officers are set forth in Article 3, Section 5 of the ADC By-Laws, which explains that the chair shall preside at all meetings of the Corporation. At the meetings, the chair shall submit any information and recommendations the chair may deem proper concerning the policies and other affairs of the Corporation. In the absence or disability of the chair, the vice-chair shall perform the duties of the chair and such other duties as may be assigned by the Board of Directors. Members of the Board who qualify to hold office are Mr. Hong, Mr. Okuhama, Ms. Seddon, Mr. Tabata, myself Mr. Watanabe, and Mr. Watts.

I now open nominations for Chair from the floor.

Ms. Prescott-Tate stated for the record, Mr. Manuel had joined the meeting at 9:34 a.m.

Mr. Tabata nominated Mr. Watanabe to be Chair.

Mr. Watanabe said I've been nominated for Chair. Are there any other nominations for Chair? Don't be shy. Hearing no further nominations, are there any objections to closing the nominations? Hearing no objections the nominations for Chair are now closed.

Mr. Watanabe proposed that the vote be taken by voice vote. Is there any objection to a voice vote? Hearing none, Mr. Watanabe called for the vote, all those in favor of Warren Watanabe for Chair, say "Aye." All seven members present responded "Aye."

Mr. Watanabe called for those opposed to say "No." There were none

Mr. Watanabe said the ayes have it. Mr. Watanabe is elected Chair by a vote of 7-0.

Mr. Watanabe asked for nominations for Vice-Chair from the floor.

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Ms. Prescott-Tate said the members could volunteer; they don't have to be nominated

Mr. Watanabe asked if Mr. Tabata would consider being Vice-Chair.

Mr. Tabata responded, to support Mr. Watanabe, he would say yes.

Mr. Watanabe stated Mr. Tabata has been nominated for Vice-Chair.

Mr. Watanabe asked if there are any further nominations for Vice-Chair. There were none.

Mr. Watanabe stated that hearing no further nominations, were there any objections to closing the nominations. Hearing no objections the nominations for Vice-Chair were closed.

Mr. Watanabe proposed that the vote be taken by voice vote. Are there any objections to a voice vote? Hearing none, Mr. Watanabe called for the vote, all those in favor of Mr. Tabata for Vice-Chair, say "Aye." All seven members present responded Aye.

Mr. Watanabe called for those opposed to say "No." There were none.

Mr. Watanabe said the ayes have it. Mr. Tabata is elected Vice-Chair by a vote of 7-0.

E. Old Business

1. Update regarding ADC-owned buildings in Whitmore Village, Oahu, Hawaii TMK (1) 7-1-002:004; :009

Mr. Watanabe called on Mr. Nakamoto to give the report.

Mr. Nakamoto stated that ADC hired OSHE Group LLC to conduct the hazmat sampling. So far, they've completed most of the buildings; they're out there today to complete the rest. Hopefully, we'll have a report for the Board as soon as possible. The intent is to demolish these buildings at some point. Once we get this sampling report we'll know what we're dealing with and how to properly demolish the buildings according to Department of Health and EPA standards. Timeline as far as completion of the sampling, we're hoping to get them before the next meeting for discussion. So far, nothing alarming has been found; nothing above action levels. Basically there have been findings of lead and asbestos in the paint and light bulbs; things like that. Other than that, nothing extraordinary; but it's ongoing and we'll provide a report as soon as possible.

2. Update on the progress of the Executive Director Search Committee

Mr. Watanabe called on Ms. Prescott-Tate for an update.

Ms. Prescott-Tate said you can all read along with me, Agenda Item E 2. On May 30th, the executive director search committee was appointed and given the following six tasks to perform:

- (1) The committee shall develop an application process for non-civil service applicants;
- (2) The committee shall develop a solicitation for the position of the executive director;

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- (3) The committee shall select a method of posting the solicitation and post the solicitation;
- (4) The committee shall develop criteria for ranking the applicants;
- (5) The committee shall accept the applications and conduct initial review and ranking of the applicants; and
- (6) The committee shall narrow the selection of the top two or three candidates and report their findings to the board.

So far the committee has drafted the ADC job description; the job description was submitted to the director of the department of business and economic development and tourism (DBEDT) for approval on May 31st; it was approved on June 5th. The committee discussed the application process and decided to request that the applicants fill out the state of Hawaii non-civil service employment form and provide a resume and cover letter. The committee discussed where the job solicitation should be posted and for how long it should be posted. The committee decided that the job description should be posted on the state job site, the ADC, DBEDT, and department of agriculture (HDOA) website and to be distributed as widely as possible by asking our partner agencies to help get the word out. The committee decided to accept applications for 21 days, which will be until June 26th. The job notice was posted on June 5th. So please spread the word and let everyone you know that if they meet the job description to apply. The first three tasks have been completed. The committee is now working on drafting criteria for ranking the applicants. The top three candidates will be referred to the full board. Are there any questions? There were none.

Mr. Watanabe thanked Mr. Nakamoto and Ms. Prescott-Tate and stated these were just informational briefings so there was no need for a motion or a vote on these matters.

F. Acting Executive Director's Report

Mr. Watanabe called on Mr. Takemoto to give his report.

Mr. Takemoto said in light of the ending of the legislative session he thought they'd go through the bills. They did receive the governor's intent to line item veto yesterday, and appreciated that it was sent early. It was quite a task to cut a billion dollars out of the biennium budget. Please let me know at any time if you have questions.

1. Legislative items:

HB 1426 Related to Value-added Products – Food and Product Innovation Network: Did not pass, but we did get some funding to support this initiative by putting together a food innovation network statewide, so there is some money to work on this.

HB 852 Related to State Enterprise Zones – value-added agriculture products to enterprise zones: Did not pass. This was related to state enterprise zones, which also did not pass.

Mr. Watanabe said he thought that Value-Added was already a part of the enterprise zone.

Mr. Takemoto responded that they're trying to expand the use of properties that are already part of the enterprise zones, or add enterprise zones in locations that support farmers.

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Ms. Hurd added that this bill would allow solar, wind, geothermal type of activities within the ag zones that were considered ag related and that HDOA opposed that bill, or maybe not opposed but comment. HDOA doesn't consider those practices to be ag related in an agricultural enterprise zone.

Mr. Takemoto said ADC was focusing on the parts where they were going to have enterprise zones and working with FTZs (foreign trade zones), to support farmers to bring in products, and store it there like a foreign trade zone. He agreed with Ms. Hurd that a solar facility was not keeping with trying to preserve agriculture and should not be defined as ag related in an ag enterprise zone. What ADC wanted to focus on was working with the FTZ folks and setting up locations where farmers could draw product, especially as they start to do innovation, packaging, and those types of things.

Ms. Hurd said absolutely, washing stations, refrigeration.

Mr. Takemoto responded exactly, that's what they were focused on.

SB 818 Related to Aquaculture – Move aquaculture from HDOA to ADC: did not pass. ADC wants to promote and support aquaculture and we're very happy to work with HDOA to do that. He's talked to Chair Hurd about supporting aquaculture and looked forward to working on that.

Waiahole debt relief – Requested \$4 million to pay off debt: Did not pass. Mr. Takemoto said that ADC was looking at that to pay down the debt. When the Waiahole ditch was purchased, it cost just north of \$4 million. Continuing to carry this debt is taking away ADC's ability to development farmland and the water use was going down because less acres are in production. They're finding the cost of water to the farmers is slowly creeping upward because there are fewer users. ADC requested that money because all this time later the debt exceeds the original loan. This bill was getting some traction up until the very last moment.

HB 690 Hawaii Agricultural Investment Program: Did not pass. This bill was to give grant funding to ADC. He spoke to Chair Hurd about this, and ADC intends to work with HDOA to come up with some program that doesn't overlap and where they're not competing for funding. ADC and HDOA want to complement each other; to benefit the farmers by working together.

AAHOAKA reservoir improvements – ADC requested \$1.1 million in CIP funds and will transfer to DAGS (Department of Accounting and General Services) to complete improvements on the reservoir in Kalepa, Kauai. This was approved by the Governor and the legislature. But the CIP list hasn't come out yet and is subject to change.

Reservoir 155 & 225 improvements: \$6.7 million in funds for HDOA to complete the improvements to these two reservoirs in Kunia, Oahu, at the end of the Waiahole water system. This project has been ongoing for about 20 years. The funds are part of the HDOA budget. It is important to finish work on those two reservoirs.

Agriculture Worker Housing: ADC requested \$6.5 million that was reduced to \$5 million in the budget to purchase agricultural worker housing. ADC is looking for an opportunity to purchase worker housing, as everybody knows, it's critical for agricultural workers.

Purchase of agricultural land: \$3 million in budget to purchase a parcel from Dole. This purchase was presented to the Board recently and the board approved ADC staff to do due

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diligence on a piece of property. We're doing that now. Once the money is approved, and the due diligence complete, ADC will submit an LOI (letter of intent) to Dole.

Central Oahu Food Hub: ADC requested \$5.65 million to complete project. The funds are in DAGS budget. These funds were approved to finish some of the work on the central Oahu, Whitmore food hub.

Purchase of Whitmore property: \$3 million requested for the parcel adjacent to the Wahiawa Value-Added Product Development Center. Funds not approved. This project was handed off to HDOE (Hawaii Department of Education). This is property adjacent to the value-added product development center. It's good that HDOE will make this purchase.

Galbraith field clean up: ADC requested \$500K. Funds not approved. This was to do the cleanup of the parcel that had the fire where the illegal activity was occurring. Testing of the area showed much better than expected. It's a lot cleaner resulting in a much smaller impact area; much better than first feared. Testing should be completed soon; then we'll know what funding to request for the cleanup. But this request was not approved.

Slaughterhouse: ADC requested \$1 million for fiscal year 2024 and \$3 million for fiscal year 2025. \$4 million was approved for fiscal years 2025. One million dollars for planning; three million for construction, all approved for the 2025 fiscal year. Right now we're doing some legwork looking for the location. This is the small animal slaughterhouse, for pigs, goats, those types of animals, to help support that industry.

Food and Product Innovation Network: \$10 million. ADC is working with UH CDC (University of Hawaii Community Design Center) to develop food and product innovation facilities for Hawaii County, Maui County, Kauai County, and Honolulu County. There's \$10 million in the budget for planning, outreach, and site development. Not really the construction or groundwork, but just going out there to start the planning process. They're going to go to all the counties and look at developing Innovation facilities and then we'll network together with all the counties.

Wahiawa Wastewater Treatment Facility water reuse: \$90 million for ADC to connect treated wastewater to reservoir for use as irrigation water. ADC will work with City and County of Honolulu. This is the big project you've probably heard about. With respect to ADC, they speak about this 90 million, a hundred-million-dollar water project, irrigation project, and for the board's understanding, this project is taking wastewater that has been discharged from the Wahiawa Wastewater treatment facility into Lake Wilson and then further into the river. What this project would do is take that water out of that river and lake and use that water for irrigation purposes. That's why the price tag is so steep. It's more of a sewer pipe, initially, to move wastewater out of those waterways and into areas that ADC can use for irrigation. This, for the most part seems to have been on the veto list. The governor has reduced the amount by \$88.8 million. We'll be working with the governor's office to understand the reason for the reduction and hopefully move forward with this project. And so, what we've intended to do is find out what the intention is and is there an opportunity to restore even a small portion of funding to maybe complete planning for this project

Related to the Wahiawa Irrigation System Operation: \$800 thousand to operate the system if needed in FY 2024. This is related to the dam project. It's money to operate the system in the event the state took over the system from Dole. ADC would need some funding in the interim

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until they could start building and gaining revenue from the irrigation system. This was also part of the \$90 million reduction. The way the budget was, there was \$90 million for land purchase, the \$800,000 for the operating system, and the \$3 million land purchase. Of that \$93 million, about \$5 million is left, that's how the math works. ADC should have enough money to purchase the land. But we'll continue to work with the governor's office to see if they can restore funding for the pipeline. That's an important project. It's not so much an irrigation project as it's getting treated wastewater out of the lake and the river. Any questions?

As you know, the governor still could change things. We haven't seen the veto list for anything other than this line-item veto. It was good of the governor to get that out so early and give us the chance to see if we can get some of the money back to ADC.

SB 833 Wahiawa Irrigation System Due Diligence: Passed this session. ADC is to perform a due diligence study on the entire ditch system, approximately thirty miles, survey the five parcels owned by Sustainable Hawaii, and include a Phase I and Phase II environmental assessment if needed. ADC did get a cost proposal from a consultant for \$770,000. The funds are being transferred from HDOA to ADC. This money, \$3.5 million was given to HDOA in FY 2022-2023, and they're sharing that money with ADC and Department of Land and Natural Resources (DLNR) to work on due diligence with respect to the dam improvements and management of Lake Wilson and irrigation system. The study resulted from ADC, DLNR, and HDOA collaboration. We expect to receive preliminary information from the study by the end of this calendar year. ADC has been working with HDOA who will JV (joint venture) the money over. ADC will work with the consultant then turn the study over to HDOA who will compile the work that will be used for the final study of that larger project. We expect the preliminary results this year, but don't have a solid timeline for completion of the entire project. That depends on what the study reveals. Any questions on that?

2. Purchase of Dole Wells #24, #25, and #26

The purchase was supposed to close the end of May but was delayed on Dole's end. The filing and recording of the land court documents is expected in June or July 2023. The purchase is nearly complete. Dole was supposed to provide some documents for land court and they're working on that. The delay is waiting for specific documents and review of those documents by the attorney general's office. Then we should be able to move forward on closing that sale. Are there any questions?

Ms. Hurd said she does have a question on the Wahiawa irrigation system. HDOA's moving forward on that. HDOA already divvied up the money and the work is progressing. But that project was it in support of the Wahiawa dam bigger project, the whole project?

Mr. Takemoto responded yes, that is correct; it's a portion of that.

Ms. Hurd continued, and that project the one HDOA is responsible to bring the dam up to safety standards. I don't see it on the list of projects that made it.

Mr. Takemoto said SB 833, did pass. This is the bill that required the governor or governor's team to negotiate with Dole for the State to take over the lake, the dam, and operation of the irrigation system. The way it was divvied up was DLNR will manage the lake portion, which is currently freshwater recreational resource area. There's boating and fishing there. ADC would manage the irrigation system. HDOA would bring the dam up to standard and then turn that

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over to ADC. So, at that point, HDOA would step out of the project because part of the dam management would be part of managing the irrigation system. Because DLNR was also dam safety, DLNR did not want to be managing the dam repair and at the same time overseeing the compliance of the dam. They didn't want the same agency doing both. And HDOA also has condemnation powers for agricultural purposes. Some of the properties with respect to the Sustainable Hawaii parcels may be condemned; and a couple of other parcels that are either part of the lake or part of the irrigation system and the tunnel system downstream. This bill could either be passed into law or vetoed. But right now, it did pass, the \$26 million dollars. The governor did not share his veto items for the bills. So we'll have to wait and see whether it proceeds. But ADC, HDOA, and DLNR are proceeding with the due diligence. We just don't know for sure what's going to happen past that.

Ms. Hurd said she'd like to add to what he said earlier about HDOA, after they passed dam safety, they're turning it over completely to ADC to manage, which includes the collection of the water fees to pay for the operation of the irrigation system.

Mr. Takemoto responded, Ms. Hurd is right, that's an important part of it. The initial funding is to sort of bridge the gap until they can start collecting revenue. Currently the system as-is does make a little bit of money or breaks even. The due diligence will reveal more. There's a nice nexus with the sewer pipeline. If you take the treated sewer water out of the reservoir, suddenly you maximize the uses of the lake water. And that benefits DLNR. You could start doing more fishing right, you can start stocking that. And then for irrigation purposes, the water has a greater use to maximize that use. So, there's a nice benefit there if they can get both projects done. But you're correct, once ADC takes over, they would start drawing revenue and that should hopefully take care of the costs.

Ms. Hurd asked, the Wahiawa water, is that water considered R2 water?

Mr. Takemoto responded the water coming out of the wastewater treatment facility, it's R1. The city has done a good job slowly upgrading it, so the water quality is quite good, it's R1. The pipeline will have R1 water, which is very good quality for agriculture use. When they discharge it into the lake, it causes the system to be R2.

Mr. Manuel offered a gentle reminder on the well acquisitions. ADC should reach out to the commission for water resource management (CWRM) to make sure that transferring ownership of the water use permits tied to those wells makes it on CWRM records. Just trying to close the loop on that acquisition, to make sure they're in compliance with all the water use permit requirements. And, real quick, going back to the executive director search, can someone send the board members the link to the job notice so they can forward that out to their networks. He can't find it on the web.

Ms. Prescott-Tate responded that's a wonderful idea. I'll send it around. Thank you. I think it's on the ADC website.

Mr. Takemoto said it is on the ADC website under careers. And thank you Board Member Manuel for the reminder. The water permit paperwork has been filled out as part of the purchase agreement and when it closes, the transfer will be done.

Mr. Hong said he just had some global questions on this. The Wahiawa dam is currently owned by Dole; which is the lead agency in the negotiations?

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Mr. Takemoto responded that hasn't been determined yet. If SB 833 passes, the governor will put together a team. So, he couldn't tell you at this time. The bill delegates the authority to negotiate, to the governor.

Mr. Hong said, okay just in general, I'm looking at it from Dole's standpoint. Dole has a huge liability with that system because it's old, if it fails it's going to be catastrophic. Dole has that liability and they want to get out of that liability. My take on it is that Dole should be doling out a lot of money to the state agency to prevent that liability. Basically, it's a liability that's probably not on their books yet, but it should be. And to get out of it, they need to come up to the plate and pay the piper.

Mr. Watanabe asked if there were any other questions for Mr. Takemoto.

Mr. Okuhama said he had a request, if possible. He knows the staff is busy, but he thinks that it's a good idea to tour some of their lands and facilities that they manage on Oahu. The Board would have a much better idea whenever they talk about all these facilities, properties, and such. It would be good to have some perspective by visiting. I've been around the areas Waialua, Whitmore, and stuff, but still, I'm not sure what is what. So, whenever you guys would have some time to do that.

Mr. Takemoto responded that's an excellent idea. We'll set something up. There are quite a few spots that would be interesting to see; including the Waiahole water system, the value-added product development center, they would be a great place to visit.

Mr. Hong said I think if you do that, you must also make that tour available to the public. Is that correct?

Mr. Takemoto said I think they certainly would be open to that. He doesn't think why they wouldn't be; you know, they just must keep everybody together. We don't want anybody getting hurt going around agricultural facilities.

Mr. Watanabe asked if there were any other questions for Mr. Takemoto. There were none.

G. Adjourn

Mr. Watanabe asked for a motion to adjourn: Mr. Manuel; Second: Ms. Seddon.

Mr. Watanabe called for a vote. Hearing no objections the meeting was adjourned at 10:18 a.m.

Respectfully submitted,

Acting Executive Director
Mark Takemoto