

**AGRIBUSINESS DEVELOPMENT CORPORATION**

Minutes of the Board of Directors Meeting held Virtually on July 20, 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 (Chair)  
Glenn Hong, Member-At-Large (Mr. Hong)  
Jason Okuhama, Member-At-Large (Mr. Okuhama)  
Karen Seddon, Member-At-Large (Ms. Seddon)  
Lyle Tabata, Kauai County Member, Vice-Chair (Mr. Tabata)  
Jayson Watts, Maui County Member (Mr. Watts)  
Dane Wicker, DBEDT Designated Representative for Ex-Officio Member James Tokioka (Mr. Wicker)  
Sharon Hurd, HBOA, Ex-Officio Member (Ms. Hurd)

**Members Excused:**

Kaleo Manuel, DLNR Designated Representative for Ex-Officio Member Dawn Chang

**Counsel Present, virtually:**

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

**Staff Present, virtually:**

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

**Guests Present, virtually:**

ADC Guest  
ffuchigami  
lm  
18082272350  
Beth Amano, KIUC  
Korynn Grenert  
Mark Ladao  
Thomas Heaton  
Trisha Yamato  
Linda  
Scott Enright

**Guests Present, physical location:** None.

**A. Call to Order**

Chair called the hybrid meeting to order at 9:05 a.m.

**AGRIBUSINESS DEVELOPMENT CORPORATION**

Minutes of the Board of Directors Meeting held Virtually on July 20, 2023

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

**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 a 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: Ms. Hurd, Mr. Okuhama, Ms. Seddon, Mr. Tabata, and Mr. Wicker acknowledged attendance with no guests present. Mr. Hong and Mr. Watts stated they were together at the same location with no guests present.

**C. Approval of Minutes**

**1. Board Meeting Minutes, June 15, 2023**

Chair asked for a motion to approve the June 15, 2023 meeting minutes.

Motion to Approve: Mr. Watts; Second: Mr. Hong.

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

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

Chair asked for board discussion. There was none.

Chair called for the vote. Hearing no objections the motion was approved: 8-0.

**D. New Business**

**1. Request for approval to amend License Agreement No. LI-KA-21-03 issued to Hawaii Golden Farm Inc. to re-characterize portions of Unit A-1 in Kalepa, Kauai, Hawaii, TMK (4) 3-9-002:001 (por.)**

Chair asked for a motion to approve: Mr. Wicker; Second: Mr. Tabata.

Chair asked for staff presentation.

Mr. Roe said the history of this license was documented in the submittal background. Mr. Roe and Mr. Takemoto met with the licensee yesterday who confirmed that she was agreeable to the re-characterization being made by the board today. In short, Hawaii Golden Farm requests that 15 total acres be characterized and billed at the orchard rate, 20 acres be characterized and billed at the non-tillable rate due to slope and rocky terrain; that 9 acres be characterized and billed at the non-tillable rate as it’s part of the ditch system; and 1.7 acres of primary access road on the perimeter of the premises be excluded from the license to preserve access to other units and some critical infrastructure. While the process of getting this unit under license was at times a little frustrating, Hawaii Golden Farms is a reputable GAP certified grower, providing produce in Hawaii and for export markets.

**AGRIBUSINESS DEVELOPMENT CORPORATION**

Minutes of the Board of Directors Meeting held Virtually on July 20, 2023

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

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

Chair asked if there was any Board discussion.

Mr. Wicker asked how long this license agreement was.

Mr. Roe said this amends the existing license agreement which is a 35-year license. It really just adds the unit A-2 into unit A and then combines them into one contiguous unit, A-1.

Mr. Wicker said it looks like the re-characterization was changing the type of farm uses, to include orchards. What type of activity are they doing now or is this a shift in direction.

Mr. Roe responded it's not really a shift. The orchards may be a little bit of a shift. They're talking about fruit crops and ornamentals, but the remainder of the tillable acres are reserved for sweet potato and ginger.

tillable

Mr. Hong asked how many acres are in the non-orchard.

Mr. Roe responded, 185.3 acres.

Mr. Hong asked what is the change in the annual revenues with the re-designation of these acres?

Mr. Roe responded, based on the last amendment, as of November 22, 2022, the annual rental income for the combined unit was \$44,500. This request decreases the annual rental income to \$40,455; roughly about \$4,000.00.

Chair asked if there were any other questions. There were none.

Chair called for the vote. Hearing no objection the motion was approved: 8-0.

**2. Request for approval for Helemano Farms, LLC under License Agreement No. LI-WM1504 to construct improvements in Whitmore Village, Oahu, Hawaii, TMK (1) 7-1-002:004 (por.)**

Chair asked for a motion to approve: Mr. Tabata; Second: Mr. Watts.

Chair asked for staff presentation.

Mr. Roe stated that Helemano Farms is a farm in good standing in Whitmore Village. They grow Christmas trees for sale, seasonal. As the letter in the back of the submittal, Exhibit B notes, over the past 3 years they've experienced a rash of theft, vandalism, trespassing etc. and they request board approval to construct a non-residential structure for security staff to monitor the premises. They have been made aware that residential activity on the property is strictly prohibited.

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

Chair asked if there was any Board discussion.

## **AGRIBUSINESS DEVELOPMENT CORPORATION**

Minutes of the Board of Directors Meeting held Virtually on July 20, 2023

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

Mr. Wicker asked if the dimensions or a rendering of this security building will be provided.

Mr. Roes responded they don't have one yet but one of the recommendations would be, if the board approved the request, they submit the new building construction plans for ADC approval before construction begins.

Mr. Wicker asked if there was an existing building on-site now right?

Mr. Roe said there is.

Chair asked if there were any other questions. There were none.

Chair called for the vote. Hearing no objection the motion was approved: 8-0.

### **E. Old Business**

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

Chair called on Mr. Nakamoto to provide an update.

Mr. Nakamoto said they completed a pre-demolition hazmat survey of all of the remaining buildings and they're still awaiting the results. They need to see the report before they can make a determination. The report should have been provided this week; he's hoping to have the results for the next meeting.

Chair asked if there were any questions. There were none.

Chair said this was just an informational update so there is no need for a motion or vote.

#### **2. Presentation by the Executive Director Search Committee regarding their findings and recommendations.**

Chair called on the committee for their findings and recommendations.

Mr. Watts asked if they were going to discuss this now. He wanted to make sure what is public and what is not public as far as the findings.

Ms. Prescott-Tate stated that the public findings were provided in the submittal. Mr. Watts could read that or if people have already read it then they can just go into executive session.

Mr. Watts said he will defer to the submission in writing.

Ms. Prescott-Tate said ok, all the public information is available in the submittal if anybody wants to read it. Then we can go into executive session.

Chair stated HRS section 92-4 allows the board to hold an executive meeting closed to the public. The board will be further discussing Old Business Item 2, which is the presentation by the executive director's search committee established to review applications, conduct interviews and recommend the top 2 or 3 applicants for further review and action by the full board. This

## **AGRIBUSINESS DEVELOPMENT CORPORATION**

Minutes of the Board of Directors Meeting held Virtually on July 20, 2023

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

presentation may be closed to the public pursuant to HRS section 92-5(a)(2) to allow discussion of a hiring decision where consideration of matters affecting privacy will be involved.

Chair asked if there was any public testimony before they go into executive session and advised that testimony was limited to the decision to go into executive session. There was none.

Chair asked for a motion to go into executive session. Motion: Mr. Hong.

Mr. Tabata asked if he could ask a question.

Chair told Mr. Tabata to go ahead.

Mr. Tabata asked if they could get the Executive Director's update first, before they go into executive session, and asked Ms. Prescott-Tate if that was appropriate.

Ms. Prescott-Tate said it's up to the board; they could motion to take it out of order.

Mr. Tabata made the motion to take the acting executive director's update out of order, prior to going into executive session.

Mr. Hong withdrew his motion to go into executive session.

Motion to take Agenda Item F out of order by Mr. Tabata; Second: Mr. Watts.

Chair called for the vote. Hearing no objections the motion was approved: 8-0.

### **F. Acting Executive Director's Report.**

Mr. Takemoto stated that a copy of his report was provided with the submittals. He wanted to talk about the budget first. For fiscal year 2024 the budgeted projects are:

ADC received \$10MM to do a food product innovation network in all counties. The funds are mainly for planning. So far, we've met with some consultants and reached out to Hawaii, Maui, Kauai, and Honolulu counties to start coordinating the project and get the funds encumbered before the end of the fiscal year. This project is similar to what's being done in Wahiawa to provide agricultural producer's with an opportunity to expand their market and make use of a greater amount of what's grown.

ADC received \$2MM to complete the plans for the Wahiawa Wastewater pipeline. The governor cut the funds for construction but provided funding to complete the design work. At that time, we should know what the actual project cost may be. Mr. Tabata asked if the money goes to the City [City and County of Honolulu] (City), because the City Environmental Services, Wastewater Branch would be in charge of this design. Mr. Takemoto responded, no, this money is for design of the pipeline connection point. The City did receive funding to do the work that is on their property and the City was actually working on that. Mr. Tabata continued that he thought the City was responsible all the way to the end because they're also responsible for the backup system for disposal in case they don't meet the R-1 standards. Mr. Takemoto said that's correct. The City is building the backup system on City property. ADC is building a connecting point to deliver water to the rest of the system. The design consultant has completed the design and can prepare an update for the board. Mr. Tabata said to keep in mind

## **AGRIBUSINESS DEVELOPMENT CORPORATION**

Minutes of the Board of Directors Meeting held Virtually on July 20, 2023

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

there's supposed to be a diversion system designed into this water transfer in case they don't meet the R-1 standard, and asked what method will be used to determine if the City is not meeting the standard? Mr. Takemoto stated that was a good point and he'll ask the consultant to include that in the update to the board, which he believed will be planned for August. Mr. Hong asked who the consultant was and have they been working on the project from the beginning. Mr. Takemoto responded the consultant was Brown and Caldwell and he believed they have been working on the project since the beginning.

ADC received \$3MM in fiscal year 2024 for the property that the board approved for ADC to start due diligence on the purchase from Dole. This is a 49, 50-acre parcel that ADC basically owns the surrounding 3-sides of the property. The property was approved for purchase a number of years ago but during due diligence ADC found there was a question on the title. Dole has since attempted to clear the title question and now ADC is looking to do the due diligence to complete the purchase.

ADC received \$1.1MM CIP [capital improvement project] funds for the Aahoaka reservoir improvements. This is on Kauai to complete the work on that reservoir. ADC is going to transfer the funds to DAGS [Department of Accounting and General Services] since DAGS has been working on this since the beginning. Mr. Tabata said he was working on this project with Mr. Nakatani since 2010 when he became Public Works Director on Kauai. He would appreciate an update of where the plan is now. There were ongoing costs associated with the reservoir and the pipeline to get to the ADC lands. Mr. Tabata asked if staff could get him an update on what this all entails, the entire project. Mr. Takemoto said staff will put something together and send it to the board.

ADC received \$4MM CIP for slaughterhouse design and construction. ADC will be looking at a small animal slaughterhouse on Oahu. There is a slaughterhouse for larger animals but it's difficult for them to set up and reset for smaller animals. Right now this is a market that could be restarted on Oahu. ADC is looking for a location. A meeting is scheduled with Department of Agriculture (HDOA) and DLNR [Department of Land and Natural Resources] and some of the stakeholders to resolve the land issue and then they'll be moving forward on doing design work and construction.

Mr. Takemoto went on to item number 2. As you are aware, ADC purchased Yardi property management software. ADC actually sent out some of the invoices from that system. Approximately 90% of the land licenses and agreements are in there. Staff is working on the water system to get them in there and that ties into the next item. An accounting consultant has been hired and will be part of implementing this Yardi system; so it's tying in very nicely there. It's not fully operational but it's getting there. Mr. Hong asked when they will be 100% on the Yardi system. Mr. Takemoto responded he thinks once they input all the Waiahole/Waikane clients, and they complete confirming some of the important facts on a few tenants, they should be done by the end of the month. Once they have everything entered we'll start rolling it out, working with the consultants and DBEDT finance. We've already started; sent a few invoices. He expects to be operational by the end of August, and we'll keep improving on it. We'll be tying it into some of the mapping systems. The maps will eventually be added to the website.

Mr. Watts asked if the property management system and the accounting consultant, will address all of the previous accounting concerns identified in the audit?

## **AGRIBUSINESS DEVELOPMENT CORPORATION**

Minutes of the Board of Directors Meeting held Virtually on July 20, 2023

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

Mr. Takemoto replied yes. The scope of work that we did for the accounting consultant was based off recommendations from the 2021 financial audit. The accounting consultant is aware of that scope of work, and he said it's going to take some time to go through this. They're in the discovery phase now, going from task to task. So yes, it should address all of the questions or recommendations raised by the financial audit.

Mr. Watts said he had a couple of personal concerns and was glad to see them addressed. One was to give the public the ability to move through the website and these sites on their own and look into whatever they want to look into; so if that's what it can do then that's wonderful.

Mr. Takemoto moved on to the Wahiawa irrigation system. That's the project about the state acquiring the Wahiawa reservoir, dam and irrigation ditch system. ADC's consultant is starting on that now. ADC's portion that we'll be working on is primarily due diligence on some of the properties and of course the ditch system. That's just beginning and the timeline for the state is for the due diligence to be completed and make a decision one way or the other on that acquisition by 2026.

Mr. Takemoto continued, real quick just an update on vacant positions. We have interviews scheduled for the Accountant V, and we're just waiting for approval of the interview panel. One of the tasks assigned to the Accountant V, will be to hire the Accountant IV. So the Accountant V will hire their staff. The accountants will be helping with Yardi and with the accounting consultants. We hope to fill those two positions soon. The asset manager, we've received and reviewed some applications and are waiting for approval from the Governor to go ahead and make offers so hopefully we're very close on filling that job. We received approval to redescribe the administrative services officer position to a contract administrator and this will help them a lot on the procurement contracting and help support the project management as well as the other functions in the office. The position he left off the list was the secretary. We have a plan for an 89-day hire. The position has been posted for a while and we haven't had a lot of applications.

Mr. Watts asked Mr. Takemoto, about the projects he had talked about, if he could provide the board with a list of those that still need to be encumbered; a timeline working backwards so they don't miss any critical deadlines on where they are; what they're working on; what's been assigned; what's been included in the governor's budget; what's been approved/not approved. Could you give us an idea of where things are?

Mr. Takemoto responded, sure. Starting with the \$10MM food and product innovation network, funds must be encumbered by June 30, 2024. The way they're doing this right now is we're in the process of getting the appropriation codes so we can start requesting funding. That's the first step we're in right now with budget and appropriation guidelines; the rules on how you spend the money. We're making requests to have the codes set up. Once we get that we can request funding then we start contracting with some of the consultants. We create a scope of work. The scope of work and delivery have to be completed by January/February 2024. Then they take the scope of work and go out and start hiring more consultants to develop construction drawings. They need to be done so that can be posted, and those contracts can be awarded before the end of the fiscal year. That's the timeline for that project. We can start some contractor selection. We normally get help from HDOA. DLNR. Many times, they loan engineers to get things teed up and ready to submit, go out for selection, then people can start bidding. We need to get that scope of work done by early 2024 to hit that deadline. We've already reached out to all the area stakeholders, Hawaii Island, Maui, Molokai, Kauai and Oahu so we can start identifying some projects to start, not too broad in the beginning, so we can narrow it down and encumber that money.

## **AGRIBUSINESS DEVELOPMENT CORPORATION**

Minutes of the Board of Directors Meeting held Virtually on July 20, 2023

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

For the \$2MM, we're completing the plans and don't think we'll have a problem once the money is released. It will go out to bid. The drawing, the design work is already done. There are different portions of the project, one is the long pipeline, one is the inter-connecting pipelines between reservoir, and one is the lake irrigation pump system, to pump water out of the lake. Because once you remove the wastewater from the lake, you change that water, it's no longer R-1; it becomes non-spec water. Then you can start pumping from the lake directly and that's the irrigation water. You can use the water to its fullest value as non-spec water.

Mr. Watts asked who's pumping water into Lake Wilson.

Mr. Takemoto responded right now City and County of Honolulu. About 1.6 million gallons goes in every day, that's the estimate. That's one project we shouldn't have a problem encumbering the funds.

Ms. Hurd said as she understands it, isn't the wastewater that's being pumped into the area R-1?

Mr. Takemoto said yes, over the years, they've been steadily improving the discharge so it's R-1 now.

Mr. Takemoto continued, the \$3MM for the purchase of the Dole property, we would have to make a decision, contract, and encumber by June 30, 2024, which should be no problem. We expect to make a decision on this much sooner than that.

The \$1.1MM for the Aahoaka reservoir improvements, this is an ongoing project. We're going to transfer the funds to DAGs because they're the ones who are actually managing the project. Once we get the warrant codes we'll transfer the funds.

Mr. Watts asked where the water from the Aahoaka reservoir is going

Mr. Takemoto said Aahoaka feeds some of the ADC property. It was part of the East Kauai irrigation system and there are several other reservoirs tied to that. The Aahoaka is one of them. It's not very big but it's considered high risk because it's up slope from a residential area and that's why improvements are being made. That reservoir doesn't have the kind of inlet that you would typically have, so as long as you manage it properly it should be fine. There's no river flowing into it so if it rains heavily there would be no great increase of water intake. Basically, you close the gate, and nothing more goes into it.

The \$4MM CIP slaughterhouse, that one is 2026. Because that money was funded in the first year of the biennium, CIP funds have 3-years, so technically they have to encumber by 2026. So the goal right now is get the land. They'll want to transfer some of the funds by 2025 to start the design work and then complete construction. So it's find the location, start the design work, complete the design work, go out to bid for construction, and we have till 2026 to do that. We can certainly continue to provide updates on these projects to the Board.

Ms. Hurd asked, regarding the slaughter house, we have until the end of fiscal year 2026 to encumber the funds but are any of the funds available now?

Mr. Takemoto responded no. The funds were actually given in 2025 but we need to do something now so they're requesting through Budget and Finance and then to Governor to give them some of the money earlier and we're waiting to hear back. There's going to be a lot of back and forth on that before we can do that, but we'd like to start some of the design work now.

Ms. Hurd asked, but you can't do that until you move some the funds from 2025 to 2024 right?



**AGRIBUSINESS DEVELOPMENT CORPORATION**

Minutes of the Board of Directors Meeting held Virtually on July 20, 2023

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

Mr. Takemoto said correct.

Mr. Okuhama asked regarding the voyager [Yardi] software system. He knows that the accountant just started but do we have a target date when financial reports will be coming out? Or at least set some goals on that.

Mr. Takemoto said, that's a good point. He doesn't have that right now but we're just trying to get it set up for the very basic functions, but once that's all in, he's guessing it could generate a report immediately. There wouldn't be much to report because it will just have information from the present and going forward. As time goes by and the accountant gets on board, we can start inputting the historical data, going back at least to 2019. That is what we're trying to do. Then we'll be able to start generating some historical information too.

Mr. Okuhama said having the reports going forward at least it's a start and then going forward when you look at what they have on hand, at least it's a good start.

Mr. Takemoto said that was a goal we really want to do. The plan is to produce a financial report for every board meeting, once we get it running and with help from the accounting consultant and the accountant. We tried generating a report but, not being an accountant, we didn't know if the report was accurate, or error filled so we want to wait until the accountants are on board. We do try to work with DBEDT fiscal, but they have a lot of work too. We believe we'll be able to provide the report once we get the system, the consultant, and the accountant in place. Then a monthly report will be provided.

Chair asked if there were any more questions. There was none.

**Recalling Old Business Agenda Item E-2, regarding the presentation by the executive director search committee regarding their findings and recommendations:**

Chair asked for a motion to go into executive session: Mr. Hong; Second: Ms. Hurd.

Chair asked if there was any presentation by staff. There was none.

Chair asked if anyone from the public wished to give testimony on the subject of entering into executive session. There was none.

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

Chair called for the vote. Hearing no objection the motion was approved: 8-0.

Mr. Roe reminded the Board members to mute or log out of the regular session before going into executive session.

The regular meeting recessed at 9:50 A.M.

The regular meeting reconvened at 10:23 A.M.

Chair stated pursuant to Act 19 of the 2023 legislative session, the Board will take the following actions based upon discussions by the full board in executive session. The motion to adopt the executive director's search committee recommendation will be heard at the board meeting to be held on Thursday,

## **AGRIBUSINESS DEVELOPMENT CORPORATION**

Minutes of the Board of Directors Meeting held Virtually on July 20, 2023

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

August 3, 2023 at 9:00 a.m. The executive director's search committee recommendations were to hold an in-person meeting of the board of directors on August 3, 2023, provided that the top two applicants are available. The board of directors will conduct in-person interviews of the applicants in executive session on August 3, 2023. Following the in-person interviews in executive session on Thursday, August 3, 2023, the board of directors will decide on the executive director's salary and in executive session on Thursday, August 3, 2023, the board of directors will select the person to be offered the executive director position and salary amount. If the two applicants are unavailable on August 3, 2023, the August 3, 2023 meeting will be cancelled. A mutually agreeable date will be selected, and the new date posted on the ADC website and State calendar. This completes the work of the executive directors search committee, which will now be dissolved. Chair thanked the committee for working so quickly and diligently to fill the executive director position.

Ms. Prescott-Tate stated the vote to accept the executive director search committee recommendations will be held at the August 3rd meeting, so the public is invited to give any input that they wish. She will contact the applicants and make sure that they're available for a second interview on August 3rd at 9:00 a.m. If the candidates are not available then we'll reschedule to a date when everybody can be there. The interviews will be conducted at an in-person session of the Board. That means bringing all the outer island members to Oahu for the meeting.

### **G. Adjourn**

Seeing there was no other business before the Board, Chair asked for a motion to adjourn: Mr. Wicker;  
Second: Mr. Tabata.

Chair called for the vote. Hearing no objections the motion was approved: 8-0.

The meeting adjourned at 10:27 a.m.

**Date of Next Meeting:** Next meeting tentatively scheduled for August 3, 2023, at 9 A.M.