

AGRIBUSINESS DEVELOPMENT CORPORATION

Minutes of the Regular Meeting of the Board of Directors held on July 18, 2024 at the Wahiawa Value-Added Product Development Center, located at 1001 California Ave., Wahiawa, HI 96786

Pursuant to section 92-3, Hawaii Revised Statutes (HRS), this meeting was held at an in-person meeting location available for public participation at the Wahiawa Value-Added Product Development Center, 1001 California Ave., Wahiawa, HI 96786.

Members in attendance for In-Person Regular Session:

Lyle Tabata, Kauai County member (Chair)
Jesse Cooke, Honolulu City and County member (Member Cooke)
Glenn Hong, member-at-large (Member Hong)
Earl Yamamoto, designee for HBOA ex officio member Sharon Hurd (Member Yamamoto)
Ryan Kanaka'ole, designee for DLNR ex-officio member Dawn Chang (Member Kanaka'ole)
Dean Okimoto, member-at-large (Member Okimoto)
Jason Okuhama, member-at-large (Member Okuhama)
Nathan Trump, Hawaii County member (Member Trump)
Jayson Watts, Maui County member (Member Watts)
Dane Wicker, designee for DBEDT ex officio member James Tokioka (Member Wicker)

Member excused from In-Person Regular Session:

Karen Seddon, member-at-large (Member Seddon)

Counsel Present for In-Person Regular Session:

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

Staff Present for In-Person Regular Session:

Wendy Gady, Executive Director (Ms. Gady)
Mark Takemoto, Sr. Executive Assistant (Mr. Takemoto)
Ken Nakamoto, Project Manager (K. Nakamoto)
Ingrid Hisatake, Executive Secretary

Guests Present for In-Person Regular Session:

Alec Sou
Chris Bailey, LCC
Craig Inouye
Craig Nakamoto, HCDA (C. Nakamoto)
Garet Sasaki, HCDA (Mr. Sasaki)
Grant Kunishima, Sunrise Capital (Mr. Kunishima)
Heath Williams
Mac Blanchard, Esq., Sunrise Capital (Mr. Blanchard)
Ryan Kagimoto
Senator Donovan Dela Cruz (Senator Dela Cruz)
Stephanie Whalen
Stewart Yerton, Civil Beat

AGRIBUSINESS DEVELOPMENT CORPORATION

Minutes of the Regular Meeting of the Board of Directors held on July 18, 2024 at the Wahiawa Value-Added Product Development Center, located at 1001 California Ave., Wahiawa, HI 96786

A. Call to Order:

Chair called the regular meeting to order at 9:02 A.M.

Chair introduced himself and welcomed members of the public to the meeting of the board of directors of the Agribusiness Development Corporation (ADC). The public was advised that when testifying, they would be asked to identify themselves and the organization, if any, they represent. And there was a two-minute limit of testimony per agenda item.

Chair conducted a roll call of the board members present. Chair called the name of board members and asked them to verbally acknowledge their presence. This also served as a roll call vote. For each subsequent vote, Chair would ask if there were any objections or abstentions. If there were none, then the motion would be approved on the same basis as the initial roll call.

Chair, Member Cooke, Member Hong, Member Kanaka'ole, Member Okimoto, Member Okuhama, Member Trump, Member Watts, Member Yamamoto, and Member Wicker acknowledged their presence.

Chair noted that Member Seddon was excused from the meeting.

B. Approval of Minutes

Chair announced that approval of the May 16, 2024 Regular Session Minutes, and the June 20, 2024 Regular and Executive Minutes would be deferred until the next meeting.

C. Chairperson's Report

Chair welcomed new members to the ADC board, Member Cooke, and Interim Members Trump and Okimoto. Chair was looking forward to remarkable things from the board moving forward as it supports our Executive Director Wendy Gady (Ms. Gady or ED), and her staff with fervor and purpose. There's work to be done to move us forward in collaboration with the Legislature. We will rise to meet expectations and produce results for Hawaii's agricultural community. Chair forewarned his fellow board members that he's a grassroots working guy. Everyone will be put to work. We're a hard working board that supports our ED and the staff that supports her. There are many things that need to be prioritized and help guide the board in the new direction we're headed. Chair appreciates and thanks the board in advance for their cooperation.

D. Committee Reports

Chair noted there were no committee reports.

E. Action Items

- 1. Request for approval to issue a right of entry agreement to Diamond Head Seafood, Inc. for the purpose of access through the Kalaeloa property to access a project site; Kalaeloa, City and County of Honolulu, State of Hawaii, Tax Map Key No. (1) 9-1-031:037**

Chair called for a motion to approve.

Motion by Member Watts; Second by Member Wicker.

AGRIBUSINESS DEVELOPMENT CORPORATION

Minutes of the Regular Meeting of the Board of Directors held on July 18, 2024 at the Wahiawa Value-Added Product Development Center, located at 1001 California Ave., Wahiawa, HI 96786

Chair called on K. Nakamoto for the staff presentation.

K. Nakamoto said there was no presentation, just wanted to say this was just a request for permission to use ADC's Kalaeloa property, specifically a driveway that parallels Diamondhead Seafoods driveway that needs some improvements. So for the time being, ADC will allow them to access their area through our driveway.

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

Chair asked if there was any board discussion.

Member Okuhama asked if there were insurance requirements.

K. Nakamoto replied that the Right of Entry did have insurance requirements.

Chair asked if there were any other questions. Hearing none, Chair called for the vote. Hearing no objections or abstentions the motion was unanimously approved: 10-0.

Chair stated that action items 2 and 3, the request for consent to assign nine license and lease agreements from Sunrise Capital Incorporated to Aloun Farms Incorporated, may be discussed in an executive meeting closed to the public pursuant to section 92-4 , HRS to allow the board to consult with the board's attorney on questions and issues pertaining to the board's powers, duties, privileges, immunities, and liabilities as provided in section 92-5(a)(4), HRS. To allow sufficient time for this discussion, action items two and three will be moved to the end of the agenda.

4. Request for approval to issue a letter of intent, conduct due diligence, and negotiate the fee simple interest in real property located in Wahiawa, City and County of Honolulu, State of Hawaii, Tax Map Key Nos. (1) 7-1-001:013; :017; 7-1-012:003; :004; :007; 7-3-005:005; 7-3-013:003

Chair called for a motion to approve.

Motion by Member Watts; Second by Member Wicker.

Chair called on Mr. Takemoto for the presentation.

Mr. Takemoto stated there was no formal presentation. The request was to approve the ED to move forward and submit an NOI [Notice of Intent] to the landowners of the parcels to begin discussion for the acquisition of the property related to the Wahiawa Dam and Reservoir Project and he was available for questions.

Mr. Okimoto asked how big of an area is the property?

Mr. Takemoto responded a little over 150 acres. This is the area ADC is responsible for. There are other parcels that DLNR and HDOA are responsible for. DNLR is looking at the freshwater recreational facility and HDOA is going for the dam/spillway portion.

AGRIBUSINESS DEVELOPMENT CORPORATION

Minutes of the Regular Meeting of the Board of Directors held on July 18, 2024 at the Wahiawa Value-Added Product Development Center, located at 1001 California Ave., Wahiawa, HI 96786

Chair clarified that the intent of this purchase was to incorporate into the Wahiawa irrigation system. Is there anyone from the public who wishes to provide testimony? There was none. Chair asked if there was any board discussion.

Member Hong asked who was actually responsible for negotiating with the landowner; ADC or the Governor's office?

Mr. Takemoto responded that the Governor directed DLNR to lead the negotiation. ADC was working with the landowner. ADC we will return with the terms to DLNR for final approval.

Chair asked if HDOA was still waiting for the environmental report on the dam?

Mr. Takemoto responded yes we're still waiting on the draft report.

Hearing no more discussion, Chair called for the vote. Hearing no objections or abstentions the motion was unanimously approved: 10-0.

Ms. Gady added that for ADC's portion of the Wahiawa Irrigation System, the Phase One environmental assessment had been completed and the Phase Two should be done by the end of September. No red flags so far.

5. Presentation of the draft annual performance review of the Executive Director by the permitted interaction group established on March 21, 2024 for the purpose of conducting the annual performance review of the executive director, continued from May 16, 2024

This agenda item was deferred to the next meeting because two of the three members of the permitted interaction group were not available to attend this meeting.

6. The appointment of members to the standing Administration Committee, the standing Marketing & Communications Committee, and the standing Technical Assistance Committee

Chair stated that Article four, section one of the ADC bylaws establishes three standing committees to facilitate consideration of policies and other significant matters that require approval of the board of directors. The standing committees are the administration committee, marketing and communications committee, and the technical assistance committee. Pursuant to Article 4, Section 2 of the ADC By-law, the members of each standing committee shall be appointed by the chair and shall serve for one year or until the appointment of their successors and the chair may serve as an ex-official voting member on any standing committee.

The only standing committee that currently exists is the Administration Committee that was appointed by former Chair Fred Lau on February 16, 2023. According to subsection 1 C of Article 4, Section 1 of the ADC By-law, the Administration Committee was assigned to make recommendations regarding any matter referred to them by the chair. Former Chair Lau asked the Administration Committee to design an application form for vacant lands; post the application form requesting applicants for vacant land; review the received applications; review the applicants; and make referrals to the board.

AGRIBUSINESS DEVELOPMENT CORPORATION

Minutes of the Regular Meeting of the Board of Directors held on July 18, 2024 at the Wahiawa Value-Added Product Development Center, located at 1001 California Ave., Wahiawa, HI 96786

As the new chair, I would like to appoint new members to all the standing committees. I'm proposing the Administration Committee review and make recommendations regarding all financial matters requiring approval of the board of directors, including but not limited to contractual matters and the annual ADC budget; review and make recommendations regarding all personnel matters requiring approval of the board of directors; and review and make recommendations regarding any other matters referred by the Chair of the board of directors.

The Technical Assistance Committee shall review and make recommendations regarding all proposed projects with the exception of marketing-related projects requiring the approval of the board of directors, and review and make recommendations regarding any other matter referred to the Chair of the board of directors.

The Marketing Communications Committee shall review and make recommendations regarding all marketing-related projects requiring approval of the board of directors, and review and make recommendations regarding any other matter referred to the Chair of the board of directors.

The authority to act on all matters is reserved to the board of directors, and the functions of each committee shall be to consider and make recommendations to the board.

The following members are appointed to the Administration Committee:

1. Chair
2. Member Okuhama
3. Member Hong
4. Member Trump
5. Member Cooke

The following members are appointed to the Technical Assistance Committee:

1. Member Okuhama
2. Member Okimoto
3. Member Hurd
4. Member Kanaka'ole
5. Member Wicker

The following members are appointed to the Marketing/Communications Committee:

1. Chair
2. Member Watts
3. Member Cooke
4. Member Wicker
5. Member Seddon

At the first meeting, each committee shall select a Chair and Vice-Chair from among its members, decide how often the committee will meet, and inform ADC staff who will schedule the meetings accordingly.

AGRIBUSINESS DEVELOPMENT CORPORATION

Minutes of the Regular Meeting of the Board of Directors held on July 18, 2024 at the Wahiawa Value-Added Product Development Center, located at 1001 California Ave., Wahiawa, HI 96786

Chair continued that there's no vote, so if there are any objections to how the committees were assigned, please speak up now or forever hold your peace.

Member Watts said he preferred to serve on the Administration committee.

Member Hong said he preferred to serve on the Marketing Committee.

Chair said he would take the requests under advisement and will notify the members after clarifying some issues.

Member Wicker asked if the committees were going to get descriptions of the items the committee members were to produce.

Chair replied that the committee descriptions were actually in the ADC By-Laws and in your handouts.

7. Request for approval to establish a permitted interaction group to evaluate land applications and make recommendations to the board

Chair stated he was now asking for approval to establish a permitted interaction group to evaluate land applications and make recommendations to the board.

Chair asked for a motion to approve.

Motion by Member Wicker; Second by Member Watts.

Chair asked for presentation by staff.

Ms. Gady said ADC released our entire vacant land portfolio on October 5, 2023. The original deadline was mid-April but the deadline was extended until May 1st. Staff was getting calls daily in regard to the status of their land applications. We have urgent requests to get approval by the board so licenses can be granted and get people onto the land.

Chair asked if there was anyone from the public who wishes to provide testimony. There was none.

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

Chair called for the vote. Hearing no objections or abstentions the motion was unanimously approved: 10-0.

Chair continued, pursuant to Article 4, Section 3 of the ADC bylaws and section 92-2.5, HRS, Chair appointed himself, Member Trump, and Member Cooke to the permitted interaction group to evaluate the applications for vacant land, rate and rank the applications, and make recommendations to the full board. In forming the recommendations, the permitted interaction group may interview the applicants, visit applicant farming operations, and review any written materials from the former Administration Committee. Unless there are major objections, the slate of three will get to work immediately because we have a very short fuse.

AGRIBUSINESS DEVELOPMENT CORPORATION

Minutes of the Regular Meeting of the Board of Directors held on July 18, 2024 at the Wahiawa Value-Added Product Development Center, located at 1001 California Ave., Wahiawa, HI 96786

8. Request for approval to establish a permitted interaction group to review capital improvement project priorities, rank them, and make recommendations to the board

Chair asked for a motion to approve.

Motion by Member Okimoto; Second by Member Watts.

Chair called on Ms. Gady for staff presentation.

Ms. Gady said staff has been working really hard for the last six weeks crafting a budget for capital improvements projects (CIP) that not only looks to the year ahead, but looks three, five, ten years into the future so we can help the Ways and Means and Finance Committees at the legislature to understand the long-term vision for ADC. Once the CIP list gets put in front of the permitted interaction group there will be a lot of discussion and information, but this will be the first time we've taken a long term view at our CIP.

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

Chair asked if there was any board discussion. Chair stated that he recommended creating this group to help the ED prioritize future projects. The ED has been good at providing the board with weekly updates and it feels like she's being pulled in multiple directions by external forces. The ED needs to focus on the board's priorities. That way the work gets accomplished.

Ms. Gady said ADC's needs are so great and the priorities should come from the board.

Chair asked if there was any other discussion. Hearing none, Chair called for the vote. Hearing no objections or abstentions, the motion was unanimously approved: 10-0.

Chair continued, pursuant to Article 4, Section 3 of the ADC By-law, section 92-2.5, HRS, Chair appointed himself, Member Hong, and Member Seddon to the permitted interaction group to review ADC's capital improvement project priorities, rank of projects, and make the recommendations to the full board.

Member Trump asked to serve on the CIP group; and Member Wicker also asked to serve on the CIP group.

Member Okuhama volunteered to help on the land application review group.

Member Okimoto also volunteered to help with the land application review group.

Chair said he would take their requests under advisement.

F. Informational Items

Chair said at this point they were moving onto informational items. The following are for informational purposes only, so there will be no motion or vote needed.

AGRIBUSINESS DEVELOPMENT CORPORATION

Minutes of the Regular Meeting of the Board of Directors held on July 18, 2024 at the Wahiawa Value-Added Product Development Center, located at 1001 California Ave., Wahiawa, HI 96786

1. Presentation by Agribusiness Development Corporation and Hawaii Community Development staff on the status of two separate, but related proposal procurements, described as follows: (i) A standalone facility to house one or more hyperbaric HPP machines through a design-build method, and, (ii) an operator to maintain, market, and manage the facility and HPP machines in Whitmore Village, Wahiawa, County of Honolulu, State of Hawaii, tax map key number 7-1-002:009.

Chair called on Craig Nakamoto, Executive Director of the Hawaii Community Development Authority (HCDA) and Garrett Sasaki, HCDA's Chief Financial Officer to give a presentation on procurement and the management of the HPP machines.

C. Nakamoto introduced himself and Mr. Sasaki and thanked the board for the opportunity to make this presentation. C. Nakamoto explained that he was asked by ADC to provide help on this procurement. This is the procurement for a stand-alone facility in the Central Oahu Food Hub Project to house a hyperbaric HPP machine to process food. The location of the HPP machine is within the larger food hub. HCDA is also an agency attached to the Department of Business, Economic Development and Tourism (DBEDT). Our background has been in redevelopment. HCDA has always been willing to help affiliated agencies. The scope of HCDA's effort will be to provide resources and technical help to ADC. Funds are currently available for the equipment acquisition but lapse on June 30, 2025. We have a year to encumber the funds.

Member Watts asked how much money was required to see this project through completion.

C. Nakamoto said we estimate the cost to acquire and install would be about \$2,500,000.00. As far as building the warehouse, I don't know the estimate for that.

Mr. Okimoto asked if the building was just going to house the HPP machine or other things like chill facilities.

C. Nakamoto responded it's a stand-alone facility that's going to be part of larger food company. That's one of the reasons why this project needs to move quickly. The building we are in now is the research and development, education, and data testing sub-product. If it works, then the synergy is good. There's a need to move this project along as quickly as possible.

Member Hong asked if HCDA had been involved in the establishment of the test HPP here at the Value Added Center?

C. Nakamoto said no. HCDA did visit the facility and understands the purpose of the HPP machine. We bring knowledge of procurement to the equation. As far as the technical expertise, it's presumed the HPP machine was selected because it's the same model as here.

Member Hong asked if HCDA had concerned itself with the market demand for a production machine in a way that would be feasible? I'm assuming that HCDA has not been involved with the marketing projection for the production machine.

C. Nakamoto said no but HCDA had reviewed some revenue projections and some of those projected benefits. Those revenue projections shaped our procurement approach.

AGRIBUSINESS DEVELOPMENT CORPORATION

Minutes of the Regular Meeting of the Board of Directors held on July 18, 2024 at the Wahiawa Value-Added Product Development Center, located at 1001 California Ave., Wahiawa, HI 96786

Mr. Okimoto asked if there is one year to encumber the money, does that mean put up the building and install the machine or just set up the contracts.

C. Nakamoto said that doesn't mean the building must be completed in a year. Just enter into a contract with the design/build and contract to acquire the machine. The way HCDA looks at it, the design-build contractor is going to be responsible for designing the facility, building the facility, and equipping the facility.

Mr. Okuhama stated we have one year for equipment but several years for the build out. Is there some kind of feasibility study or business plan for this facility? We have a machine and building but no plan? Operational, profitability, feasibility, marketing, users, who's going to use the facility. We don't have all the other parts.

Ms. Gady responded that the concept of the business development rests with ADC. The board hasn't necessarily seen all of the data and research that's happened prior to this point. We'll look at where the market is right now and help to develop and build. But given the amount of time that we have before the money expires, and HCDA has some experience in this RFP process.

Mr. Nakamoto explained that HCDA asked ADC to provide research for this procurement. It was suggested that we do this design-build-operate-and-maintain kind of procurement as a public-private partnership. We looked at the projected revenues and numbers that were provided by the ADC staff. In the early years revenue projections were showing a net operating loss; but some kind of revenue stream that will offset developer costs. HCDA proposes, subject to feedback from the board, this two-step procurement process. First a design, build, contract for the facility and the equipment, the HPP machine, with all the county permitting, and utilities hook it up. Second procurement we get the operator maintainer. Operator maintainer could operate and maintain the facility and equipment in the best interest of the state. We may have to pay the operator maintainer to maintain the facility in the first couple of years, when revenues are less. Once this process gains more acceptance by farmers, management can change into a different type of operation where the business can pay management fees and maintain the facilities and equipment.

Member Watts asked if ADC was responsible for staffing or just construction.

Ms. Gady replied that's the vision moving forward, but we have a lot more factfinding to do.

Chair stated that getting input from the operator was important. How to lay out the facility; how much space is needed; what's the end product. Could Leeward Community College (LCC) come forward and tell us how much this facility gets used right now?

Member Wicker said this technology was actually brought to the state by request of the private sector. The front end, LCC's creating users. It's not the commercial side; it's the education side. There is a lot of demand now. The way I see it, in the long-term, with DBEDT, we see if we're a business development support division, to increase exports; developing markets.

C. Nakamoto concluded by saying this project has the potential to create jobs, create agriculture-related jobs that will help agriculture a lot. HCDA supports it. While revenue projections in the early years maybe negative, I think for the government, return on investment is different. You look at other social impacts that can happen with this kind of development.

AGRIBUSINESS DEVELOPMENT CORPORATION

Minutes of the Regular Meeting of the Board of Directors held on July 18, 2024 at the Wahiawa Value-Added Product Development Center, located at 1001 California Ave., Wahiawa, HI 96786

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

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

2. Executive Director's Report regarding prior weekly reports to the board, and ADC interest in establishing subsidiaries

Chair called on Ms. Gady to give her ED report.

Ms. Gady referred the board and members of the public to her weekly ED reports on the ADC website. And as we kind of bridge from the HPP machine and look around at the LCC facility, it really comes back to the mission and the vision of ADC. The three major points in our statute, which is many pages long. One is to grow more local food, second is to develop an ag export economy, and the third is to provide aggressive and dynamic leadership. This is the beginning of something great. I asked Senator Dela Cruz to join us today and give some background on some of the bigger vision of things to come in Wahiawa. I thought it would be appropriate for him to come and share some of the components of his vision.

Chair called for a recess at 9:55 a.m.

Chair called the meeting back to order at 10:00 A.M.

Ms. Gady introduced Senator Dela Cruz.

Senator Dela Cruz spoke in support of the procurement for a stand-alone facility in the Central Oahu Food Hub Project to house a hyperbaric HPP machine to process food. ADC's mission is to assist agriculture enterprises to facilitate the transition from sugar and pineapple to diversified agriculture. Things like the HPP machine will move the agency in the right direction by increasing local production of agricultural products to local consumption and reduce the state's reliance on imported agricultural products. He hoped the board could be a lot more proactive in ensuring that you complete your statutory mandates. Agriculture must be an actor in the state economy. ADC is the landowner and the project coordinator. We want to scale up, because if you're not scaling up, you're just a farmer's market or selling out of your house. This past year, the legislature funded additional monies for this LCC facility. We put in money for Kauai Community College for a program with more value-added production focus. Same thing for Molokai, who has access to deer so you can do leather toys, beef jerky, dog treats with the hooves, you can do all kinds of things. The LCC facility provides for innovation and business development, new product development, commercial production, process optimization, support for exports, support for entrepreneurs, and business advancement. LCC is partnering with the Hawaii Department of Education (HDOE) developing entrepreneurship programs at the middle school and high school. We need the HPP machine, so people can scale up shared facilities, so students can really see they have global potential. That's where the Foreign Trade Zone comes in. Value-added producers are going to need more ag products. As we conceptualize regional kitchens, we're going to have to have existing farmers do some training, especially with food safety. It can't be business as usual. ADC's mission is to get farmers trained so that they can scale up. Use this facility that the state purchased. This is going to be a temporary facility for HDOE storefront and HDOE will start to construct their centralized kitchen in Whitmore, in partnership with ADC, 40 acres within Whitmore. HDOE can scale up, prepare meals and use the

AGRIBUSINESS DEVELOPMENT CORPORATION

Minutes of the Regular Meeting of the Board of Directors held on July 18, 2024 at the Wahiawa Value-Added Product Development Center, located at 1001 California Ave., Wahiawa, HI 96786

HPP machine to preserve meals. If we have warehouse space, we can store those prepared meals. I can go on and on about this stuff. Anybody have questions?

Chair asked if there were private partners out there that were willing to invest. You mentioned the priority right now is warehousing. Instead of state funding everything, is there any private money available?

Senator Dela Cruz responded I don't think that's a necessary question. Look at what the state is capable of. We have revenue bond potential. If we come up with a business plan where the revenue from the facility will pay the bond, the state will own the property. You don't want a land investor or foreign investment. You want to make sure it's a state asset that will stay in agriculture in perpetuity. That's why it's critical for the state to own the facility. We get a private operator, but it's still state property. That's why it's critical ADC owns this facility or at least the land. If LCC says we don't want to do ag anymore, ADC can take back the property and continue to do ag. That's why I implore you to read your statute again, and again, and make sure that you are really trying to meet what the statute requires.

Member Hong asked about incorporating equipment for small, medium farmers who otherwise couldn't afford some of that equipment and maybe create a pool of equipment. If they don't have access to that, farmers may not be able to reach economies of scale in production.

Senator Dela Cruz responded that if you read some of the reports your questions would be answered. The legislature funded a proof of concept for a dehydration machine for farmers that want to grow feed for cattle. A couple of farmers came to see me and said, we want to grow feed, but the shelf life doesn't last past two weeks. So the legislature put in some money. Now ADC is working with UHDCDC trying to figure out a way we can do dehydration of alfalfa. Initially the farmers wanted grants. I'm not in favor of grants. Grants only help one farmer. If the state does a shared facility other farmers can grow alfalfa, dehydrate for feed, and store before shipment to other islands, even China; a Hawaii brand of cattle feed. That's why the legislature funded the project for UHDCDC to investigate if the potential is there. We need a shared facility. This helps an area of agriculture. Bring it up, and then we can try to fund it.

Member Wicker thanked Senator Dela Cruz and said he had been working with HCDA and the ED trying to hit scale because of a lack of access to equipment, facilities, and storage. Look at what government can do; infrastructure, facilities, leveraging DBEDT's ecosystem, and putting that pipeline together. It is a challenge getting this information to the board, and even on Kauai, we're speaking with ADC tenants who need a processing aggregate facility. That's the challenge. DBEDT wants to grow the economy and create more revenue. How do we leverage our sixteen attached agencies to make that happen? Do we subsidize activities with no return on investment. At the end of the day, the farmers are the ones who stand to gain. Member Okimoto used to say, if a farmer makes money, he'll stay in business. Forty percent of the farmers off-grade don't go to market. So, with an FPIN facility, the HDOE facility, and the LCC facility, you are creating an area for non-farmers to purchase from the farmers to prepare those offerings. Now 40% doesn't go to market. This is a solution to providing farmers additional revenue for the produce they're growing but can't sell. That's where the state, through DBEDT and ADC, can help, and with alignment with the legislature to actually provide the funds and the resources, that'll make it a lot better for the farmers.

AGRIBUSINESS DEVELOPMENT CORPORATION

Minutes of the Regular Meeting of the Board of Directors held on July 18, 2024 at the Wahiawa Value-Added Product Development Center, located at 1001 California Ave., Wahiawa, HI 96786

Ms. Gady said she had done research in terms of what people are using the HPP machine for. On the eastern seaboard HPP co-packers are doing seafood. You can process mollusks and it pops it open, lobsters it pops it open. We eat so much seafood that's a wonderful opportunity. I see tomatoes lying in the field and I see the HPP facility creating tomato sauce that goes into every HDOE chili, spaghetti, pizza. What a difference that would make to the profitability of these farmers. You have to work intimately with the farmers; some weeks you'll get 3,000 pounds of mango. You can't eat 3,000 pounds of mango in one week. You have to find ways to make juice and make other products to extend the shelf life and make profits feasible for our farmers.

Senator Dela Cruz continued that he has visited other value-added facilities thinking they were going to be primarily for farmers. But they are really for value-add purposes. It's for entrepreneurs. Farmers are too busy farming. The HPP machine will definitely increase shelf life for export purposes. The graduates from LCC go on to a program on entrepreneurship. There're a lot of different programs. We just have to take a step back and realize the scale and the potential.

Member Hong commented that the word "subsidy" has been used here. These are really investments in the economy.

Senator Dela Cruz said go back to your statute. That's your job. You should be pushing it.

Member Watts added that there is a Food Innovation Center at the University of Hawaii at Maui College. They've quadrupled the number of students that went into that program; students looking for second careers because they lost their careers during COVID. People are out there producing but can't hit scale. If government can help it'll be beneficial to all of us. It's hard to show the data, but if you build it they will come. That's agribusiness development.

Senator Dela Cruz continued that people are going to fail, but when they fail, they learn, and it's early enough in the process before they spend all their money. You know, you have to buy everything and now you fail. That's difficult. The whole system is a continuum to help you figure it out. When you fail, how you get back up, or is this even for you. Learn from the two cohorts. The LCC facility was so demanding to open. Now they're ready to start the program and we even have students who are ready to start scaling up. And from my observation, the teachers are getting better so the products are getting more sophisticated; the labeling is getting more sophisticated, because the staff is becoming more sophisticated.

Chair asked if there were any more questions or comments. Hearing none Chair thanked Senator Dela Cruz.

Ms. Gady added that LCC's Chris Bailey was available to give a tour of the facility to members of the public after the meeting then commenced with her monthly report, saying the reports try and give an indication of where she's headed. She attended a federal grants summit. ADC submitted its first grant in June and thanked the ADC staff that went above and beyond getting the grant application across the finish line. And you've heard about the Yardi system, something the board chose to invest in about two years ago. Staff continues to input information into this system. This system will provide the information the board will need to make strategic decisions moving forward. ADC has been paying its ceded land fee. I've had conversations with folks in the Ag community about their struggles and putting that together with major goals and objectives. I'm looking for feedback from the board on how to prioritize those objectives because I can't make every goal number one. I've prepared a matrix for use in ranking objectives for one, two, five, ten years. Rank the objectives one to ten; where do you want ADC to focus. I'll use the

AGRIBUSINESS DEVELOPMENT CORPORATION

Minutes of the Regular Meeting of the Board of Directors held on July 18, 2024 at the Wahiawa Value-Added Product Development Center, located at 1001 California Ave., Wahiawa, HI 96786

information to rebuild the matrix, which will be posted with my weekly reports. The land application permitted interaction group has about 600 pages of license applications to go through. And the capital improvement project permitted interaction group will have a stack of information to start going through tomorrow. Thank you for going above and beyond. That concludes the report. Any questions?

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

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

Chair recalled Action Item 2:

- 2. Request to consent to the assignment of License Agreement No. LI-K1001, issued to Sunrise Capital, Inc., to Aloun Farm, Inc. for 393.58 gross acres, more or less, of agricultural land in Kekaha, County of Kauai, State of Hawaii, Tax Map Key No. (4) 1-2-002:001 (por.)**

Chair asked for a motion to approve.

Motion by Member Wicker; Second by Member Watts.

Chair called on Ms. Gady for the staff presentation.

Ms. Gady said she did not have a formal presentation other than to say the staff supports the opportunity for Kauai shrimp to continue production.

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

Mr. Blanchard rose to speak as counsel for Sunrise Capital saying there are essentially two different properties. One is this license, LI-K1001. We're asking for the substantial majority of the Sunrise leases/license to be assigned to Aloun farms, with the exception of field 408, which is regarded as the Sunrise Capital catchment. The eight leases used to be with HDOA and were transferred to ADC by executive order. I've provided a map so you can see how these properties relate to each other. The orange right there is the entire agreement, except for field 408, which can be excluded. I'll summarize that Sunrise Capital has been operating here since 2005. They are a Hawaii-based company and have one of the largest agricultural operations in the state. They've had significant positive impact on the local economy and community; they've been involved in charitable efforts; and they employ 52 Hawaii residents. That's 52 families and that's very important. This is an asset purchase agreement, and our top priority is to ensure the employees continue with the same benefits, the same jobs they've had, so the transition is seamless. Right now Sunrise Capital as essentially two businesses. Kauai Shrimp, which is everything from the farming and raising of shrimp for retail and the processing and packaging of that shrimp for retail. The other half is Kona Bay, and that is more science. We're trying to pick the best shrimp, the highest yield, and the most disease resistant, for shrimp brood stock. But today, the discussion is about Kauai shrimp and the asset purchase agreement. The backbone of this ADC land we're going to be building today is shrimp. It's about 250 acres that is Kauai Shrimp. It's where all the farming and growing happens; where all the shrimp that is raised goes down the road to our processing plant where about 1 million pounds a year of shrimp is processed; that summarizes the annual growth through the Kauai Shrimp operations. The processing plant is under DLNR; 12 miles down the road. For logistic purposes, that's about the farthest it can be for a successful operation to transport live shrimp to the processing plant in

AGRIBUSINESS DEVELOPMENT CORPORATION

Minutes of the Regular Meeting of the Board of Directors held on July 18, 2024 at the Wahiawa Value-Added Product Development Center, located at 1001 California Ave., Wahiawa, HI 96786

about three hours where the live shrimp are packaged, frozen, and ready for distribution. Logistically, the location of the shrimp farm and processing plant are very important. This is not just a Hawaii success story; this is an American success story. The Sou family, an immigrant family that started with five acres in the 70s, to today, we find the son running the company, with hundreds of acres, now supplying some of the largest retailers in the state. This shrimp company utilizes former sugar plantation fields to help employ over 50 employees directly contributing to Hawaii's economy and reduces Hawaii's dependence on imports. On July 11th, Sunrise signed an asset purchase agreement. Sunrise will sell their Kauai shrimp operation to Aloun farms. This includes the farming equipment, facilities, inventory, and the transfer of every employee from Kauai Shrimp to Aloun Farms, as well as ongoing agreements for supplying Kauai Shrimp. Aloun Farms will be able to hit the ground running. Sunrise isn't going anywhere we're keeping the Kona Bay operation. Kauai Shrimp has been a successful operation. How Sunrise Capital fits into the equation is Hendrix genetics will be using Kauai shrimp as a buyer. Aloun Farms is the right fit. They are good stewards of the land here on Oahu, and Kauai. With Mr. Sou's leadership, we are confident this is the best team to take over Kauai shrimp. We're aiming for an October 1st transition so the employees' jobs will continue. And, as part of this asset purchase agreement is a long-term partnership between Sunrise and its Kona Bay operation the hatchery that's field 408, as well as Lease No. S-5367, where we are going to have a supply agreement where Kona Bay would exclusively provide brood stock to Kauai Shrimp for at least the next ten years. We want to see Kauai Shrimp be successful as well as Kona Bay. We hope that with your approval Kauai shrimp can continue to be grand as it is today.

Chair asked if the board had any questions.

Ms. Gady added that this is a bio-secure facility and where a local student who went to UH and studied aquaculture, who didn't think there was a chance of ever getting back to Kauai, is now proudly a Sunrise employee. They regularly get involved with the local community, the high schools, fundraisers, and also host students in the community to give them an idea of what is actually possible. This is the largest shrimp farm in Hawaii, and it's on ADC land. And they're doing shrimp breeding; that's the Silicon Valley of aquaculture and aquaculture is distinctly called out in ADC's statute.

Member Watts asked why the processing facility was so far from the facility.

Mr. Blanchard said historically it's the largest facility available.

Member Trump asked if Mr. Blanchard could share a little bit about the Kona Bay side of the business. How does the future look?

Mr. Blanchard said he'd like to focus on the Sunrise part of the business.

Mr. Kunishima as the general manager for Sunshine Capital offered a comment on Hendrix, saying they were really focused on staying in Kauai. We actually have built different companies around the world. We have a facility in Indonesia, in India, and we ship them the baby shrimp from Hawaii. These businesses depend on Kauai shrimp operating. Hendricks is here to stay.

Chair asked is anyone from the public wished to provide comment. There was none.

AGRIBUSINESS DEVELOPMENT CORPORATION

Minutes of the Regular Meeting of the Board of Directors held on July 18, 2024 at the Wahiawa Value-Added Product Development Center, located at 1001 California Ave., Wahiawa, HI 96786

Chair asked if there was any board discussion. Chair stated that he journeyed to Kekaha yesterday because he heard about the Sunrise/Aloun announcement and the community was elated and in support of the project. People were saying this is a wonderful thing to happen. This was Dennis Ignacio's dream. He was the originator of shrimp production in Kekaha; graduated from Waimea. When we both finished college, Dennis had this vision towards the end of our sugar operation, and with the help of a grant from Senator Inouye, he helped us significantly on the west side. He started the diversified Ag program and it was Dennis who brought us shrimp. It has deep roots. The Kekaha community really thanks Aloun Farms for this opportunity.

Member Hong asked why the operation was situated in Kauai versus anywhere else in the world.

Mr. Kunishima replied that Kauai is very unique. I've been in aquaculture in Hawaii for over twenty years, working on different shrimp companies and fish companies. Kauai is unique because we're so far away from other shrimp farming operations. There's disease, viruses all around the world, and especially concentrated in that part of the world where shrimp farming industries are. India, Nicaragua, all those areas. Kauai is so far away there are no biosecurity problems. Kauai is uniquely situated in the middle of the ocean. There are no other viruses or diseases. That makes such a difference. And there's actually a designated work force here. Member Okuhama asked, looking at the map, how is the Ag land here tied into this operation. Is there a connection between the two? The Ag land on the mauka side and aquaculture?

Mr. Kunishima said, actually the original plan was shrimp raising farms off of the highway. There were supposed to be other farms developing aquaculture facilities. That was the original plan that never materialized. Ceatech closed and sold the company. The big expansion never happened.

Chair asked if there was any more discussion or questions. Hearing none, Chair called for the vote. Hearing no objections or abstentions the motion was unanimously approved: 10-0.

Recalling Action Item 3.

Request to consent to the assignment of Lease Agreement Nos. S-8001, S-8002, S-8005, S-8008, S-8012, S-8013, S-8017, and S-8020, currently assigned to Sunrise Capital, Inc., to Aloun Farm, Inc. for 145.65 gross acres, more or less, at Kekaha Agricultural Park, Kekaha, County of Kauai, State of Hawaii, Tax Map Key Nos. (4) 1-2-016:001; :002; :004; :005; :006; :007; :008; :009; :010; :011; :012; :013; :014; :015; :016; :017; :018; :019

Chair asked for a motion to approve.

Motion by Member Cooke; Second by Member Okuhama.

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

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

Chair asked if there was any board discussion.

Member Okuhama asked if Aloun would have to assume the leases as-is.

AGRIBUSINESS DEVELOPMENT CORPORATION

Minutes of the Regular Meeting of the Board of Directors held on July 18, 2024 at the Wahiawa Value-Added Product Development Center, located at 1001 California Ave., Wahiawa, HI 96786

Chair said to discuss the details of a business transaction that is still under negotiations, the matter should be discussed in executive session. Pursuant to section 92-4, HRS, the board will be discussing action item 3 in executive session to allow the board to come to a decision with advice from the board's attorney pursuant to section 92.5(a)(4) and (8), HRS. Chair asked if there was any public testimony on action item three. There was none.

Chair asked for a motion to go into executive session.

Motion by Member Wicker; Second by Member Okuhama.

Chair asked if there was any board discussion before going into executive session. There was none.

Chair asked if there was any public testimony on the decision to go into executive session? There was none.

Chair called for the vote and conducted a roll call vote so each member's vote could be recorded and entered into the meeting minutes:

AGRIBUSINESS DEVELOPMENT CORPORATION

Minutes of the Regular Meeting of the Board of Directors held on July 18, 2024 at the Wahiawa Value-Added Product Development Center, located at 1001 California Ave., Wahiawa, HI 96786

- | | | |
|-----|-------------------|-----|
| 1. | Chair Tabata | Yes |
| 2. | Member Cooke | Yes |
| 3. | Member Hong | Yes |
| 4. | Member Kanaka‘ole | Yes |
| 5. | Member Okimoto | Yes |
| 6. | Member Okuhama | Yes |
| 7. | Member Trump | Yes |
| 8. | Member Watts | Yes |
| 9. | Member Yamamoto | Yes |
| 10. | Member Wicker | Yes |

Motion unanimously approved: 10-0.

The public session was recessed, subject to reconvening at the conclusion of the executive session.

Exited the public meeting at 11:03 A.M.

Public meeting reconvened at 12:00 P.M.

Chair stated that pursuant to HRS section 92-4(b) (2023), the board took the following action in executive session: After discussion with our attorney regarding questions and issues pertaining to the board’s powers, duties, privileges, immunities, and liabilities relating to agenda action item 3 and the HDOA leases transferred to ADC, the board determined that we need more information to make a decision. The matter is referred back to staff to perform its due diligence and reconvene at a later date for a special meeting.

Chair asked if there was anyone from the public that wished to provide testimony. There was none.

Ms. Gady asked Mr. Blanchard what the latest date was the board could give Sunrise its decision.

Mr. Blanchard replied August 1, 2024.

Chair stated that the board will try and schedule a special meeting by August 1, 2024. It really depends on how fast staff can gather the information needed to make the decision. And some of that information may need to be provided by Sunrise.

Ms. Prescott-Tate said she would write a letter to Sunrise and they could write back.

Chair said these HDOA leases are not like ADC licenses. The language is difference and this created questions that need to be answered. Our attorneys will send a letter requesting the information that needs to be clarified.

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

Chair asked for a motion to defer this matter pending collection of further information.

Motion by Member Kanaka‘ole; Second Member Trump.

Chair asked if there were any objections or abstentions?

AGRIBUSINESS DEVELOPMENT CORPORATION

Minutes of the Regular Meeting of the Board of Directors held on July 18, 2024 at the Wahiawa Value-Added Product Development Center, located at 1001 California Ave., Wahiawa, HI 96786

Member Okuhama abstained from voting.

Chair conducted a roll call vote:

- | | | |
|-----|-------------------|---------|
| 1. | Chair Tabata | Yes |
| 2. | Member Cooke | Yes |
| 3. | Member Hong | Yes |
| 4. | Member Kanaka'ole | Yes |
| 5. | Member Okimoto | Yes |
| 6. | Member Okuhama | Abstain |
| 7. | Member Trump | Yes |
| 8. | Member Watts | Yes |
| 9. | Member Yamamoto | Yes |
| 10. | Member Wicker | Yes |

Motion approved: 9-0; Member Okuhama abstained.

Chair thanked the board and said that concludes the board's business for today.

G. Adjourn

Having no further business before the board Chair adjourned the meeting at 12:06 p.m.