

JOSH GREEN, M.D.  
GOVERNOR

SYLVIA LUKE  
LT. GOVERNOR



WENDY GADY  
EXECUTIVE DIRECTOR

STATE OF HAWAII  
**AGRIBUSINESS DEVELOPMENT CORPORATION**  
HUI HO'OU LU AINA MAHIAI

## Regular Meeting of the Board of Directors

Held via Teleconference with In-Person Viewing Location

January 16, 2025  
9:00 a.m.

Pursuant to section 92-3.7, *Hawaii Revised Statutes*, this meeting will be held using interactive conference technology (ICT). Board members, staff, persons with business before the Board, and the public may participate remotely online using ICT, or may participate via the in-person meeting site which provides ICT.

Interested persons may submit written testimony in advance of the meeting, which will be distributed to Board members prior to the meeting. If possible, we request that testimony be received by our office not less than seventy-two hours prior to the meeting to ensure that staff has time to disseminate it and that Board members have time to review it. Written testimony may be submitted electronically to [dbedt.adc@hawaii.gov](mailto:dbedt.adc@hawaii.gov) or sent via U.S. Postal Service, or delivered to:

Agribusiness Development Corporation  
235 S. Beretania Street, Suite 205  
Honolulu, Hawaii 96813

When testifying via ICT, via telephone, or in-person, you will be asked to identify yourself and the organization you represent, if any. Each testifier will be limited to two minutes of testimony per agenda item.

The public may participate in the meeting via:

ICT: <https://us06web.zoom.us/j/87958660551>  
Telephone: (669) 900-6833, Webinar ID: 879 5866 0551  
In-Person: at the meeting location indicated below

### ICT ACCESS

To view the meeting and provide live oral testimony, please use the link above. You will be asked to enter your name in order to access the meeting as an attendee. The Board requests that you enter your full name, but you may use a pseudonym or other identifier if you wish to remain anonymous. You will also be asked for an email address. You may fill in this field with any entry in an email format, e.g., [\\*\\*\\*\\*@\\*\\*\\*\\*.com](mailto:****@****.com).

As an attendee, your microphone will be automatically muted. When the Chairperson asks for public testimony, you may click the Raise Hand button found on your Zoom screen to indicate that you wish to testify about that agenda item. The Chairperson or staff will individually enable each testifier to unmute their microphone. When recognized by the Chairperson, please unmute your microphone before speaking and mute your microphone after you have finished speaking.

For ICT, telephone, and in-person access, when testifying, you will be asked to identify yourself and the organization, if any, that you represent. Each testifier will be limited to two minutes of testimony per agenda item.

### TELEPHONE ACCESS

If you do not have ICT access, you may get audio-only access by calling the Telephone Number listed above.

Upon dialing the number, you will be prompted to enter the Meeting ID that is listed next to the Telephone Number above. After entering the Meeting ID, you will be asked to either enter your panelist number or wait to be admitted into the meeting. You will not have a panelist number. Please wait until you are admitted into the meeting.

When the Chairperson asks for public testimony, you may indicate you want to testify by entering “#” and then “9” on your telephone’s keypad. After entering “#” and then “9”, a voice prompt will let you know that the host of the meeting has been notified. When recognized by the

## *Board Meeting Agenda*

January 16, 2025

Chairperson, you may unmute yourself by pressing “#” and then “6” on your telephone. A voice prompt will let you know that you are unmuted. Once you are finished speaking, please enter “#” and then “6” again to mute yourself.

For ICT, telephone, and in-person access, when testifying, you will be asked to identify yourself and the organization, if any, that you represent. Each testifier will be limited to two minutes of testimony per agenda item.

Instructions to attend State of Hawaii virtual board meetings may be found online at <https://cca.hawaii.gov/pvl/files/2020/08/State-of-Hawaii-Virtual-Board-Attendee-Instructions.pdf>.

### **IN-PERSON ACCESS**

There will also be one meeting location, open to the public, which will have an audio-visual connection. That meeting will be held at:

State of Hawaii, Leiopapa A Kamehameha  
State Office Tower Building  
235 S. Beretania St., Suite 204  
Honolulu, HI 96813

For ICT, telephone, and in-person access, when testifying, you will be asked to identify yourself and the organization, if any, that you represent. Each testifier will be limited to two minutes of testimony per agenda item.

### **LOSS OF CONNECTIVITY**

In the event of a loss of ICT connectivity, the meeting will be recessed for a period not to exceed thirty minutes to restore connectivity with all board members and the public in-person access location noted above. In the event that audio connectivity is re-established within thirty minutes without video connectivity, interested participants can access the meeting via the telephone number and Meeting ID number noted above. In the further event that connectivity is unable to be restored within thirty minutes, the meeting will be automatically continued to a date and time to be posted on the ADC website at <https://dbedt.hawaii.gov/adc/> no later than close of business the next business day. New ICT, telephone, and in-person access information will be posted on the website no less than twenty-four hours prior to the continued meeting date. Alternatively, if a decision is made to terminate the meeting, the termination will be posted on the ADC website.

### **SPECIAL ASSISTANCE**

If you require special assistance, accommodations, modifications, auxiliary aids, or services to participate in the public meeting process, including translation or interpretation services, please contact staff at (808) 586-0186 or by email at [dbedt.adc@hawaii.gov](mailto:dbedt.adc@hawaii.gov).

Please allow sufficient time for ADC staff to meet requests for special assistance, accommodation, modifications, auxiliary aids, translation, or interpretation services.

**NOTE: MATERIALS FOR THIS AGENDA WILL BE AVAILABLE FOR REVIEW IN THE ADC OFFICE, 235 S. BERETANIA STREET, SUITE 205, HONOLULU, HAWAII 96813 ON AND AFTER JANUARY 10, 2025.**

### **Agribusiness Development Corporation Non-Discrimination Statement**

The Agribusiness Development Corporation does not discriminate on the basis of race, color, sex, national origin, age, or disability, or any other class as protected under applicable federal or state law, in administration of its programs, or activities, and the Agribusiness Development Corporation does not intimidate or retaliate against any individual or group because they have exercised their rights to participate in actions protected by, or oppose action prohibited by, 40 C.F.R. Parts 5 and 7, or for the purpose of interfering with such rights.

If you have any questions about this notice or any of the Agribusiness Development Corporation’s non-discrimination programs, policies, or procedures, you may contact:

Mark Takemoto  
Acting Title VI Non-Discrimination Coordinator  
235 S. Beretania St., Ste 205 Honolulu, HI 96813  
(808) 586-0186  
[dbedt.adc.titlevi@hawaii.gov](mailto:dbedt.adc.titlevi@hawaii.gov)

If you believe that you have been discriminated against with respect to an Agribusiness Development Corporation program or activity, you may contact the Acting Non-Discrimination Coordinator identified above.

## **AGENDA**

- A. Call to Order & Roll Call
- B. Approval of Minutes
  - 1. Regular Session Minutes, October 24, 2024
  - 2. Regular Session Minutes, November 1, 2024
  - 3. Regular Session Minutes, November 21, 2024
  - 4. Executive Session Minutes, November 21, 2024
  - 5. Regular Session Minutes, December 5, 2024
  - 6. Regular Session Minutes, December 6, 2024
  - 7. Executive Session Minutes, December 6, 2024
- C. Chairperson's Report
  - 1. None
- D. Committee & Permitted Action Group Reports
  - 1. Presentation of the Land Application permitted interaction group's findings and recommendations for developing a program for small, disadvantaged farmers on Kauai
  - 2. Presentation of report and findings of the value-add permitted interaction group, deferred from December 5, 2024
  - 3. Report and findings of the Administration Committee for the determination of the license fee for new applicants based on current appraisal rates
- E. Action Items
  - 1. Request for approval to terminate Lease Agreement No. LE-K1201 assigned to Hawaii Department of Education; and delegate authority to the executive director to execute a Memorandum of Agreement with the Hawaii Department of Education regarding access to Agribusiness Development Corporation tenant operations in Kekaha, County of Kauai, State of Hawaii, Tax Map Key No. (4) 1-2-002:001 (por.), deferred from December 5, 2024

2. Request for approval to issue a new land license agreement to State of Hawaii, Department of Education for 4.8 acres, more or less, of land for the purpose of building a centralized kitchen facility in Whitmore Village, City and County of Honolulu, State of Hawaii, Tax Map Key Nos. (1) 7-1-002:009 (por.); :004 (por.), deferred from December 5, 2024
3. Request to consent to sublicense under License Agreement No. LI-K1001, issued to Sunrise Capital, Inc., to Hartung Brothers Hawaii, LLC for 181.67 acres, more or less, of fields 311, 312, and 313 in Kekaha, County of Kauai, State of Hawaii, Tax Map Key (4) 1-2-002:001 (por.)
4. Request for Board determination of the amount of rent increase retroactive to rent reopening date under former Hawaii Department of Agriculture, Kekaha Agricultural Park Lease Nos. S-8001, S-8002, S-8005, S-8008, S-8012, S-8013, S-8017, and S-8020
5. Request to approve the report and findings of the goals and objectives for the executive director permitted interaction group, deferred from December 6, 2024
6. Request to approve the report and findings for the criteria of the land opportunities project on the island of Kauai permitted interaction group
7. Request to consent to the transfer of the Mililani Technology Park (phase 2 portion) from the Hawaii Technology Development Corporation for lands in Mililani, City & County of Honolulu, State of Hawaii, Tax Map Key Nos. (1) 9-5-002:057; :039; 9-5-046:010
8. Request to establish a permitted interaction group to develop policies and guidelines for the establishment and implementation of an Agribusiness Development Corporation subsidiary related to the Entrepreneur Product Innovation Network Center project pursuant to section 163D-6, Hawaii Revised Statutes
9. Request for approval to enter into a one-time program to preserve the agricultural value of lands held under License Agreement Nos. LI-08202 and LI-K0801 issued Hartung Brothers, Inc. for land in Kekaha, County of Kauai, State of Hawaii, Tax Map Key (4) 1-2-002:001 (por.) and for the Executive Director to manage this program.
10. Request to establish a Land License permitted interaction group to rescore all the applications received using two criteria: Criteria of 300 points or above, and if designated a small, disadvantaged farmer based on the USDA definition, with a report to be provided at the 2/20 ADC BOD meeting and a decision vote on 3/3 ADC Special BOD meeting to modify/accept/deny the recommendation. (*no submittal*)

11. Request to establish a ED Evaluation for Pay Increase & Goal Setting for FY25 and FY26 permitted interaction group to review prior PIG goals drafted with staff input, Current ED self-evaluation based on BOD goals set by the Board, & establish SMART goals for FY25 & FY26. The PIG is to deliver a written report by 2/10 to ADC Staff for bundling with agenda submittal package posted 2/16, present the report at the 2/20 ADC BOD meeting, and 3/3 ADC BOD to hold a Special Board Meeting to vote on the recommendation SMART goals for FY25 & FY26 (*no submittal*)

F. Informational Items

1. Update regarding Notice of Violation issues to Ohana Hui Ventures dated October 22, 2024 under License Agreement No. LI-W194-23-01
2. Executive Director's Report (see Agribusiness Development Corporation [website](#) for reports)

G. Adjourn

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*The Board may go into executive session on any agenda item pursuant to the exceptions provided under section §92-5, Hawaii Revised Statutes.*

**AGRIBUSINESS DEVELOPMENT CORPORATION**

Minutes of the Board of Directors Meeting held Virtually on October 24, 2024

Via Zoom Teleconference and In-Person at 235 S. Beretania Street, Suite 205, 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 Office Tower, 235 S. Beretania Street, Suite 205, Honolulu, HI 96813*

**Members in Attendance, virtually:**

Lyle Tabata, Kauai County member (Chair)

Jesse Cooke, Honolulu City and County member (Member Cooke)

Sharon Hurd, HDOA ex officio member (Member Hurd) (exited the meeting at 10:11 A.M.)

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)

**Members Excused:**

Glenn Hong, member-at-large (Member Hong)

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

**Counsel Present, virtually:**

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

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

**Staff Present, virtually:**

Wendy Gady, Executive Director (Ms. Gady)

Mark Takemoto, Sr. Executive Assistant (Mr. Takemoto)

Ken Nakamoto, Project Manager (Mr. Nakamoto)

Frankie Empeno, Contract Manager

Ingrid Hisatake, Executive Secretary (Ms. Hisatake)

Roger Clemente, Property Manager (Mr. Clemente)

Lyle Roe, Asset Manager

**Guests Present, virtually:**

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1call-in-listener

ADC Guest

Ali'i Kawai

Amy Perruso, State Representative

Curtis Lum

David Cho

David's iphone

Dexter Kishida, HDOA

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George Grace

Guest Guest

Jari Sugano

Jazz Corpuz (J. Corpuz)

Joshua Uyehara (Mr. Uyehara), Kekaha Agriculture Association (KAA)

KHON 2 News

Kimi Makaiau (Ms. Makaiau)

Koon Hui

Kurt Favella, Senator (Senator Favella)

Mark Ladao

Melanie June

Mike Faye, KAA

pssg

Reggie Garcia, from Senator Tim Richards Office

Ryn Lenchanko-Rodrigues

Scotty Wong (Mr. Wong), Ohana Hui Ventures, Inc. (OHV)

Thomas Heaton, Civil Beat

Tim Richards, Senator

Yvonne Yoro

### **Guests Present, In-Person**

Kaho'opi'i, Sovereign Kingdom of Hawaii

Keli Akina, Kingdom Marshal (K. Akina)

Ken

Koike K.K., Oahu Resident

Matthew Marshlo, Office of the Minister of Interior

Shanwakee Lee, Counselor Minister of Interior

Thomas "ShaShannah", Kingdom Marshal

Thora-Jean Cuaresma, Wahiawa Resident (Ms. Cuaresma)

#### **A. Call to Order:**

Chair called the meeting to order at 9:03 A.M.

Chair conducted a roll call of the Board. Chair called the name of each Board member and asked them to acknowledge their presence and state who if anyone over the age of eighteen was present in the room with them. The roll call served as a roll call vote and for each subsequent vote Chair would ask if there were any objections or abstentions. If there were none, the motion would be approved on the same basis as the initial roll call.

Roll call: Chair, Member Cooke, Member Hurd, Member Kanaka'ole, Member Okimoto, Member Okuhama, Member Trump, Member Watts, and Member Wicker acknowledged their presence with no one in the room with them.

#### **B. Approval of Minutes**

##### **1. Regular Session Minutes, July 18, 2024,**

**AGRIBUSINESS DEVELOPMENT CORPORATION**

Minutes of the Board of Directors Meeting held Virtually on October 24, 2024

Via Zoom Teleconference and In-Person at 235 S. Beretania Street, Suite 205, Honolulu, HI 96813

Chair called for a motion to approve the July 18, 2024 regular session minutes.

Motion to approve: Member Wicker; Second: Member Trump.

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

Chair asked if anyone from the public wished to give 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: 9-0.

**2. Executive Session Minutes, July 18, 2024**

Chair stated that during the July 18, 2024 Executive Session, the Board discussed agenda item E-3, a request for consent to assign lease agreements from Sunrise Capital, Inc. to Aloun Farms Inc. for property at the Kekaha Agricultural Park. HRS sections 92-4 and 92-5(a)(4) allow a meeting to be closed to the public when necessary to consult with the Board's attorney. In order to maintain confidentiality of matters discussed in Executive Session, the draft minutes were provided directly to Board members for review. Chair asked that the Board members respect the confidentiality of the Executive Session while discussing approval of the minutes.

Motion to approve: Member Trump; Second: Member Wicker.

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

Chair asked if anyone from the public wished to give 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: 9-0.

**3. Regular Session Minutes, September 19, 2024**

Chair called for a motion to approve the September 19, 2024 regular session minutes.

Motion to approve: Member Hurd; Second: Member Okuhama.

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

Chair asked if anyone from the public wished to give 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: 9-0.



## **AGRIBUSINESS DEVELOPMENT CORPORATION**

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### **4. Executive Session Minutes, September 19, 2024,**

Chair stated that during the September 19, 2024 Executive Session the Board discussed agenda item E-5, a request for approval to authorize the Executive Directive (ED) to execute an agreement on behalf of ADC, agreeing to KIUC counteroffer dated September 3, 2024, and E-6, a presentation from the ED evaluation permitted interaction group. HRS sections 92-4 and 92-5(a)(2) and (a)(8), allow a meeting to be closed to the public when necessary to discuss personnel matters, consult with the Board's attorney, and deliberate on items required to be kept confidential. To maintain the confidentiality of matters discussed in the executive session, the draft minutes were provided directly to Board members for review. Chair asked that the Board respect the confidentiality of the Executive Session in discussing approval of these minutes.

Motion to approve: Member Wicker; Second: Member Okuhama.

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

Chair asked if anyone from the public wished to give 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: 9-0.

### **C. Chairperson's Report**

There was none.

### **D. Committee Reports**

Chair noted the Administration Committee met on October 11, 2024 and called on Member Okuhama for a report. Member Okuhama asked that the report be deferred until the next meeting.

Chair deferred the Administration Committee's October 11, 2024 report to the next meeting.

### **E. Action Items**

- 1. Request for approval to issue a construction right-of-entry to Kiewit Infrastructure West Co. for the construction of the Whitmore Village-Wahiawa Pedestrian Bridge, Tax Map Key No. (1) 7-1-002:009**

Chair stated that this item was being deferred pending a request from Kiewit.

- 2. Request for approval for OHV to host their Keiki Construction Zone event on ADC property under License Agreement No. LI-W194-23-01 in Whitmore Village, City & County of Honolulu, State of Hawaii, Tax Map Key Nos. (1) 7-1-001:012, (1) 7-1-002:041, :046, :047, (1) 7-1-002:034, :006**

Member Watts stated the agenda had an informational item, Item F-1, for the same organization and asked if the Board could get background on Item F-1 before addressing this request.

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Member Wicker asked if Chair would take Item F-1 out of order.

Chair stated that he would move Action Item E-2 to be heard after Informational Item F-1 at the end of the agenda.

### **3. Request to accept and approve the report and findings of the executive director evaluation permitted interaction group**

Chair called for a motion to approve.

Motion by Member Wicker; Second by Member Okimoto.

Chair stated that Member Seddon could not attend today's meeting but she had prepared a confidential report on behalf of the permitted interaction group and that report was provided directly to the Board Members prior to today's meeting.

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

Ms. Hisatake, testified as a private citizen and it was noted that she took vacation time to provide testimony. Ms. Hisatake spoke in support of the ED.

Senator Favella spoke against giving the ED a pay raise.

Ms. Cuaresma spoke in support of the ED.

Chair asked if there was any more public 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: 9-0.

### **4. Request to establish a permitted interaction group to establish goals and objectives for the executive director for FY 2025; appointment of members thereto**

Chair asked for a motion to approve.

Motion by Member Hurd; Second by Member Watts.

Chair asked for presentation by staff. There was none.

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

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

Chair stated that when the ED was hired the Board had just created goals and objectives for the former ED to perform. No specific goals and objectives were created for the new ED by the Board. The ED was thrust into her role out of need with no guidance from the Board. The ED has accomplished multiple things. Just read the weekly reports and you'll see the huge amount of

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work she has accomplished. It was mentioned at a prior Board meeting that specific goals and objectives were needed to measure the ED's performance each year to justify pay increases. This permitted interaction group should work toward identifying SMART goals.

Member Okuhama stated that during the hiring process, the problems ADC faced were made clear and what was expected of the ED who was hired. Maybe it was not explicit, but it was explained that ADC had staffing issues, financial issues, and other problems that needed to be solved. So, although the goals and objectives were not put in writing, it was made clear what important goals and objectives needed to be reached by the ED.

Chair called for the vote. Hearing no objections or abstentions the motion was unanimously approved: 9-0.

Chair appointed himself, Member Seddon, Member Watts, and Member Wicker to the permitted interaction group to develop specific goals and objectives for the ED to accomplish during fiscal year 2024 to 2025 and report these goals and objectives at the next regular Board meeting.

**5. Request for approval to issue a grant of easement to City & County of Honolulu, Board of Water Supply for its existing waterlines in Wahiawa, City & County of Honolulu, State of Hawaii, Tax Map Key (1) 7-1-002:004.**

Chair called for a motion to approve.

Motion by Member Hurd; Second by Member Cooke.

Chair called on Mr. Nakamoto for the staff presentation.

Mr. Nakamoto stated this was a housekeeping measure and stood on the submittal.

Chair asked if anyone from the public wished to give 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: 9-0.

**6. Request for after-the-fact approval to authorize the executive director to execute and enter into the Stipulation and Agreement Between the Parties to the April 18, 2017 Waimea Watershed Agreement (WWA), the Agreement to Transfer of Duties, Obligations and Responsibilities for the Modification of the Diversions and Placement of Monitoring Stations as Required Under Phase One of the April 18, 2017 WWA from the Kauai Island Utility Cooperative (KIUC) to the State of Hawaii Agribusiness Development Corporation (ADC), and the Agreement Between the State of Hawaii ADC and KAA**

Chair called for a motion to approve.

Motion by Member Wicker; Second by Member Okuhama.

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Chair called on Mr. Takemoto for the staff presentation.

Mr. Takemoto asked the Board to approve an after-the-fact request to authorize the ED to execute an agreement on behalf of ADC to accept KIUC's September 3, 2024 counteroffer that permits KIUC to withdraw from the WWA and requires ADC to accept responsibility for the installation and maintenance of stream monitoring stations on the Waiakoali, Kawaikoi, Kuaikina, Kokee, Waiahulu, Koaie, and Waimea streams. The parties' agreement to allow KIUC to withdraw from the WWA must still be approved by the Commission on Water Resource Management (CWRM), the Department of Hawaiian Home Lands (DHHL), and EarthJustice (EJ). The acceptance of KIUC's offer was necessary to meet CWRM's timeline. Around 9:00 P.M. last night the parties were in agreement, and the matter is scheduled for CWRM's next meeting.

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

Mr. Uyehara representing KAA stated they were also a party to the discussion and agreements.

Member Cooke asked Mr. Uyehara if KAA was aware of all that's going on.

Mr. Uyehara stated that KAA was part of all the discussions in partnership with ADC. This agreement is a positive step forward in helping us resolve the major issues caused by KIUC's withdrawal from the energy project, at least as far as irrigation system operations.

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: 9-0.

**7. Request for approval to issue a Notice of Intent and enter into a Memorandum of Understanding (MOU) between ADC and the Hawaii Department of Agriculture (HDOA) for ADC to acquire the Wahiawa Irrigation System (WIS) spillway per Act 218 SLH 2022.**

Chair called for a motion to approve.

Motion by Member Cooke; Second by Member Watts.

Chair called on Mr. Takemoto for the staff presentation.

Mr. Takemoto stated that a copy of Act 218 SLH 2023 was part of the submittal. Funding for purchase the spillway was provided to HDOA. ADC was directed to purchase six additional parcels. ADC proceeded to move forward on that purchase at a past Board meeting where the Board authorized preparation of a letter of intent to begin discussions with the landowners of those parcels, Dole and Sustainable Hawaii. Despite Act 218 authorizing HDOA to purchase property, HDOA is unable to purchase property. ADC does have the statutory authority to purchase property. A MOU between HDOA and ADC was created to allow ADC to purchase the property for HDOA. ADC will return the spillway to HDOA to complete necessary improvements. Once the improvements are completed the property returns to ADC.

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Ms. Gady stated that the Governor appointed DLNR Chair Dawn Chang as lead on the WIS acquisition. The WIS touches Wahiawa, Haleiwa, and Waialua. The spillway feeds about 17,000 acres of land. HDOA has requested the funds from Budget and Finance to acquire the spillway. After execution of the MOU, HDOA will journal voucher the money to ADC to pursue the acquisition. HDOA contracted for the appraisal, which has been completed.

Member Hurd confirmed that HDOA does not have the authority to purchase land. Once the spillway was purchased HDOA's role will be to bring the dam spillway up to dam safety standards. Once that's done the land will be turned over to ADC for WIS management and operation. HDOA will have no role in the operation or management of the dam or spillway.

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.

Chair stated it was crucial for central Oahu farmers for this plan to be successful. There's potential for purchasing more farmland for ADC to administer to meet food security goals and growth in the location where ADC already has licensed farmers. It's crucial for their survival.

Member Wicker stated that ADC has acquired almost four thousand acres of lands in the last ten years. Those additional jobs and additional farms are going to need access to water. Right now we are straining to get water from Bott Well. Back in 2007, almost \$40 million in farm production was generated from the WIS and almost six hundred jobs. We are challenged right now to bring water to these operations. The sooner the State can acquire the WIS and start to invest in it we can start to see additional jobs as well as agriculture generated from this system.

Ms. Cuaresma, asked for information on the appraisal numbers and the negotiation process. As a tax payer who lived in the area with her family she wanted to know how they would be affected.

Chair reminded Ms. Cuaresma the public was invited to provide testimony on the agenda item.

Ms. Cuaresma stated that her testimony was to ask that any information, including appraisal numbers and the negotiation process be provided to the public as part of the process so she would know how her tax dollars were being used in an area where her family will be affected. How will the farmers and families along Otake Stream be affected by all of this.

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

Chair called for the vote. Hearing no objections or abstentions the motion was unanimously approved: 9-0.

### **F. Informational Items**

Chair stated the following items were for informational purposes only. There will be no motion or vote needed.

- 1. Update and discussion regarding recent activities held on ADC property in Whitmore Village, City & County of Honolulu, State of Hawaii, by OHV under License Agreement No. LI-W194-23-01**

## **AGRIBUSINESS DEVELOPMENT CORPORATION**

Minutes of the Board of Directors Meeting held Virtually on October 24, 2024

Via Zoom Teleconference and In-Person at 235 S. Beretania Street, Suite 205, Honolulu, HI 96813

Chair moved agenda item F-1 to the end of the agenda.

### **2. Presentation of report and findings of the land application permitted interaction group**

Chair called on Mr. Clemente for the presentation.

Mr. Clemente stated that the Land Application Permitted Interaction Group met and using their discretion and expertise recommended offering vacant land to the following farmers who met the minimum score to qualify for land:

- 1) Aloun Kauai Farming LLC for Kekaha land;
- 2) Teng Dan Inc. – Yida Zeng for land on Oahu;
- 3) Zhao Xiong for land on Oahu;
- 4) Suriwong Chaiyachet for land on Oahu;
- 5) Kauai Taro for Kekaha land; and
- 6) Thanawat Chak Ano for Kekaha land.

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

Mr. Uyehara on behalf of KAA stated that one step was missing in the selection process according to ADC's Land Policies and Procedures Manual, and that was to consult with KAA on potential tenants for the Kekaha property to verify whether infrastructure was available and the farming operations do not conflict with other operations in the area. KAA would like to be included in the future according to the procedures just mentioned.

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

Chair stated that the vote on this matter will be taken at a special meeting of the Board presently scheduled for Friday, November 1, 2024. The permitted interaction group formed August 1, 2024 that was assigned to evaluate the land applications and make recommendations to the Board is now dissolved.

### **3. Update and discussion regarding draft Authorization to Discharge Under the National Pollutant Discharge Elimination System (NPDES), Permit No. HI0021940/HI0021945**

Chair called on Ms. Prescott-Tate for the presentation.

Ms. Prescott-Tate provided background on the NPDES permit. When Kekaha Sugar was in business, the sugar mill maintained an NPDES permit issued by the Hawaii Department of Health (HDOH). The point source for the discharge was the sugar mill. The permit required quarterly testing for water quality. ADC received control and management of the former sugar cane lands in 2003 by way of Executive Order No. 4007, which was modified by Executive Order Nos. 4165 and 4330. ADC maintained the sugar mill NPDES permit after the mill shut down and applied to have the permit renewed. In 2015 HDOH informed ADC that since the point source to be regulated, the sugar mill, was no longer in operation there was no need for ADC to maintain the NPDES permit. ADC withdrew its NPDES renewal application. In 2018, EJ filed a lawsuit

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against ADC for discharging polluted water from the Mana Plains without an NPDES permit. United States District Court Judge Derrick Watson (Judge Watson) found that the ditch system within the Mana Plains was one big point source and ordered ADC to obtain an NPDES permit for its discharges into the ocean. This lawsuit has been referred to as the Nakatani lawsuit. ADC applied for a new NPDES permit on June 5, 2020. While awaiting a decision on its NPDES permit application, ADC has been required by court order to, among other things, conduct water quality testing and report the results on ADC's website. The court's order is attached to the submittal at pages 80 to 118. The testing results are available under the Mana Plains Monitoring Results tab on the ADC website. ADC has been conducting this testing since 2020, awaiting the results of its NPDES permit application. In 2022, EJ filed a lawsuit against the County of Kauai and HDOH for discharging polluted water from Kikiaola Harbor into the ocean without an NPDES permit, and HDOH for operating under the belief that an NPDES permit was not necessary for those discharges. Judge Watson again found in favor of EJ and ordered the County of Kauai to apply for an NPDES permit, and for HDOH to grant the permit along with ADC's NPDES permit application. The court's order is attached to the submittal as pages 120 to 161. The court gave HDOH until the end of January 2025 to issue the draft NPDES permit and to issue the final permit within 180 days after hearings or public comments on the draft permit. See pages 137 to 138 of the submittal. The draft permit is scheduled for publication on October 29<sup>th</sup>. That will begin the thirty day public comment period. After thirty days, HDOH must consider all the comments submitted. The draft permit has County of Kauai and ADC responsible as Co-permittees for seven discharge points or outfalls: Dry Ditch, Kikiaola Harbor Drain, Kawaiiele Outfall, Nohili Outfall, First Ditch, Second Ditch, and Cox Drain. The testing parameters are extremely burdensome. The list of testing parameters are on pages 150 to 160 of the submittal. Since 2020, ADC has spent about a half a million dollars a year to keep up with the testing for the Nakatani case for around twenty testing parameters.

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

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

Chair asked if there were any questions for the attorneys that would require an executive session. There was none.

### **4. Executive Director's Report**

Chair called on Ms. Gady to give her report.

Ms. Gady stated that she would like to give a quick synopsis of some of her accomplishments over the last fourteen months. One of the former ED's goals was to address the 2019 audit. On November 16, 2023, the auditor was notified that every item and recommendation with the exception of five items that were removed from the ADC statute had been addressed. A second goal set for the previous ED was to hire staff. This was done during my first year. A third goal set for the previous ED was to address the financials. 100% of our financials have been efficiently and effectively transferred to the DBEDT system. Another accomplishment was getting QuickBooks implemented; getting 100% of the license information into Yardi; and, 95% of the reconciliation completed. Another accomplishment was to be more transparent, which I've tried to do with my weekly reports. Another accomplishment was releasing 100% of the lands and having a record number of applicants. ADC lapsed less than \$100,000 in CIP funds. The previous year the lapsed amount was in the multi-millions. And the final thing is to have a full eleven-member Board.

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Member Wicker asked how many applicants were given licenses and how many acres were awarded during the past year?

Ms. Gady said that the first five land applicants were awarded today.

Hearing no further discussion, Chair returned to Informational Item F-1.

Member Hurd left the meeting at 10:11 A.M.

### **Returned to Informational Item F-1.**

#### **1. Update and discussion regarding recent activities held on ADC property in Whitmore Village, City & County of Honolulu, State of Hawaii, by OHV under License Agreement No. LI-W194-23-01**

Chair called on Mr. Clemente for discussion of the Notice of Violation (NOV) issued to OHV on October 22, 2024.

Mr. Clemente stated that it was brought to his attention two or three days before the event by someone other than OHV. He spoke with Mr. Wong the night before the event and asked him to stop the unapproved event. Mr. Wong agreed but the event went on anyway. On that Saturday a lot of people began to arrive and it was difficult to stop the event because there were so many people. Mr. Wong made sure there were no improper activities. It was a family event. People were there with their children. There was mud car racing. There was a police presence; an ambulance standing by; port-a-potties were in place. There was an accident towards the end of the event. An NOV was issued October 22, 2024, which was e-mailed to Mr. Wong on October 22, 2024, and sent by certified mail on October 23, 2024,

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

K. Akina testified against holding such activities on agricultural land.

Mr. Wong testified that when he talked to Mr. Clemente everything was already in motion. On the morning of the event he talked with HPD, and a representative from ADC and it was decided for public safety the best thing to do was to let the event go on. Things were going smoothly but the event got blown out of what it was supposed to be. It was planned as an event for our workers who helped us clear twenty-six acres in four weeks; to enjoy the property for a day.

Chair asked if the Board had any questions for Mr. Wong.

Member Okimoto asked why Mr. Wong charged for the event if it was for your workers.

Mr. Wong replied, the workers and their family and friends were invited to come. It costs \$10,000 to \$15,000 to clear an acre. These guys came to help with the mission of clearing the lands. The entry fee was a small way to pay for the diesel, the private fees, water trucks, and whatnot. Someone put out a flyer; wasn't mine. By word of mouth it got around as a way to help get these guys the funding that they put out of their own pocket. He didn't ask for any reimbursement of what he paid out. It was just to raise funds for the stuff they had to pay for to clear those acres.

Member Wicker asked if the following day, there was another activity with motorcycles.



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Mr. Wong stated there were about 25-30 motocross guys that came to volunteer and cleanup after the event and provided security the day we were pulling cars out from the riverbed. Mr. Clemente arrived on Saturday around 9 A.M. and Senator Favella arrived around noon. There was no motorcycle racing that day. He provides a safe place for the motocross guys to park when they race on Dole lands, not on ADC lands. They help me clean up homeless camps, pull out and dump vehicles. That's who was on the property on Sunday.

Member Watts stated he was shocked when he saw it on the news. What was the original intent of the gathering?

Mr. Wong replied, as previously mentioned the original intent was for workers to enjoy the area they cleared. We did dust mitigation with the water trucks. We were tilling the area. Those guys provided me with all the organic material. When we were tilling the soil it got muddy, and the idea came up. He interpreted the license agreement as 20% of the property was for Agri-education. When he was teaching the contractors about how to put microorganisms into the soil they said we could do this with our vehicles, so it came up to do a small event with these guys to turn the soil. What wasn't reported in the news was the Genki balls the kids made, the native plants, the three-hundred ulu trees brought by one of the companies. Two acres were remediated with microorganisms and a donation of 30,000 gallons of water. That acreage has no water or irrigation and we welcomed those 30,000 gallons of free water to get that place remediated. The original thing was to just entertain the workers and their families. It wasn't open to the public.

Member Watts asked about the request for police presence, was that made by you?

Mr. Wong stated that his partners made the request. If there are over one-hundred to two-hundred people they'll have police, first aid, and an ambulance. His people have experience in that.

Member Wicker asked if this was an event for family, friends, and workers, why did neighbor Islanders ship over their vehicles and participate. There was a stage and bleachers on site. It was a well-coordinated event. Why so much for a small family gathering?

Mr. Wong replied that we were expecting four hundred people max. That's what we had registered and had signed waivers and whatnot. Molokai had one hundred people that came in because they're part of one of the companies that helped clean the area. He wasn't sure where they all came. The stage was donated. Yes, it was coordinated, even if it was supposed to be a small event. He wanted to ensure that everything was safe.

Chair asked if he thoroughly read the license and what it allows him to do.

Mr. Wong replied yes.

Chair asked what possessed him to think of doing an activity like this on ag land.

Mr. Wong stated it was poor judgment. It wasn't reported as an ag event. The conservation plan for that area was for brush management, not food production. That was from the NRCS who did the conservation plan two years ago. But once we cleared that area, we're looking at altering our plan. The mud drag to be honest was a wrong decision; so no excuses.

Chair asked if he understands the NRCS plan?

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Mr. Wong stated yes, he understands. NCRS still comes to the farm because we have projects with them on soil remediation. They said to take down the trees, the invasives, and brush, then remediate the soil.

Member Wicker asked Mr. Wong when the license was issued.

Mr. Wong replied about a year ago.

Member Wicker asked staff how long does ADC allow people to sit on land before starting production?

Mr. Takemoto replied that there was no specific time. This is something ADC is looking at now. After the event ADC did look at the conservation plan and Mr. Wong is correct that area is for brush management to prevent erosion and was not planned for food production. NRCS may consider a change in use now.

Member Wicker stated the activity needs to tie back to what's outlined in HRS Chapter 163D, which is food production, value add, and food security.

Mr. Wong stated the acreage they have is over 430 acres. Eighty percent of what we do now is taking down the forests, homeless camps, dumping cars, everything. In the first year we've cleared one hundred acres, most of that is already in food production. We've done two harvests. We're having our first food safety inspection. To have twenty-five acres cleared in four weeks by his partners and farmers is a testament to what new farmers like himself are doing. It's a positive note to get this area cleared for ADC.

Chair stated that clearing of land was not for ADC; it's for you as the license holder; the person who should be responsible for clearing the land.

Member Trump asked Mr. Wong what kind of food production has been going on.

Mr. Wong replied they've harvested bok choy, daikon, and other Asian vegetables; also sweet potato, kalo, and other Polynesian vegetables. There's a food orchard that's too small for commercial sale. We're developing more food orchards along the Dole areas of the property.

Member Watts asked if there was income received and if so, what are you doing with the funds.

Mr. Wong replied that all funds went to the contractors that were helping him do the work; the diesel, the private funding, trash bins, replacing stolen batteries because the homeless take whatever they can. Nothing really went to him.

Chair asked Mr. Wong, given the multiple violations do you still want the Board to proceed on this Keiki Construction Day, which has nothing to do with farming?

Mr. Wong replied that his original presentation to the Board when we first got our lease, because we have a nonprofit workforce development that focuses on agriculture and building and trades. All of his farmers have licenses to drive all the equipment, which includes tractors. This is a way to do a community event to show what farmers do to clear the land and expose young farmers to this industry. My presentation that I emailed to Mr. Clemente yesterday contains conversations with Member Wicker and Ms. Gady through Ms. Makaiau where they asked about the success of last year's Keiki Construction Day and how we could help clear the land in support of the State Farm Fair. Agri-Education is in our contract. That's why they should get approval again this year.

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

Chair asked if there was anyone from the public wishing to testify.

Ms. Cuaresma spoke against holding such activities on ag land and bringing conflict to the neighborhood.

J. Corpuz spoke against holding such activities on ag land and asked ADC to investigate subletting activities on ADC ag land in Wahiawa.

Mr. Roe stated that J. Corpuz's comments were included in the NOV and will be investigated. If any violations are confirmed they will be brought before the Board. Any request for action by the Board will be publicly noticed through our website and the State calendar.

Mr. Wong acknowledged that he received the NOV last night and he would go over it and prepare a response.

Chair asked if there was any further public testimony. There was none.

Chair asked if the Board wanted to go into executive session. If not he would move onto action item E-2. There was no response.

### **Returned to Action Item E-2:**

- 2. Request for approval for OHV to host their Keiki Construction Zone event on ADC property under License Agreement No. LI-W194-23-01 in Whitmore Village, City & County of Honolulu, State of Hawaii, Tax Map Key Nos. (1) 7-1-001:012, (1) 7-1-002:041, :046, :047, (1) 7-1-002:034, :006**

Chair called for a motion to approve.

Motion by Member Cooke; Second by Member Okuhama.

Chair called on Mr. Clemente for the staff presentation.

Mr. Clemente stated that about a month ago Mr. Wong mentioned that OHV was planning on hosting a Keiki Construction event. Mr. Wong was asked to send ADC a written request with detailed plans so that it could be presented to the Board. A written request was received late yesterday afternoon. Mr. Wong was informed that ADC would not have time to add the information for presentation to the Board at today's meeting. There were plans and many testimonials from the public in support of the event. A similar event was hosted last year, and Mr. Wong stated that the Board had approved prior events.

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

Mr. Wong provided testimony stating it was the same event OHV hosted last year with the support of the farmers, farmers associations, and vendors who always support OHV in our cleanup of the land. We give a day to the kids to come and see the farm tractors and equipment that's used in farming. It's a true educational event. Last year, probably three thousand people showed up and had positive comments. There were no complaints from the community. There was not much traffic. It was a great family day. A review of the event was provided to ADC

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afterwards. We had all of the permits and everything in place. It fell within our agricultural education activity that we have in our contract with ADC; same type of event in a bigger space. Dole and a lot of different organizations wanted to be included that have seen what we're doing in the area with more community associations that wanted to help out. But we understand ADC's concerns. This was just something that we're doing as a community event and educational opportunity for our farmers and others who want to participate.

Ms. Cuaresma testified against holding such activities that affect the Whitmore and Wahiawa neighborhood without presenting the request to the Neighborhood Board and expressed her belief that such activities violated the ADC license.

Member Cooke asked if Mr. Wong was charging for the event.

Mr. Wong replied this was a free event open to the public. Everything was donated. All the equipment, operators, engineers, were donating their time and equipment. They will have local vendors and farmers from the area who will be selling on the Galbraith side.

Member Cooke asked if Mr. Wong was taking a cut or charging the vendors.

Mr. Wong replied no, he was not.

Member Wicker stated that ADC was working with UHCDC [University of Hawaii Community Design Center] on designating and mapping out field space for events like the Farm Fair. Maybe the Keiki construction event could be supported in that space. But until ADC had a properly designated space to support such community events they should not be held on ag land.

Member Okuhama stated that the Board should not set precedence by ignoring what happening in the past. The Board should not move forward with this until we have a space designated for these types of events.

Chair and Member Okimoto agreed that these events should not take place on lands that should be in active crop production.

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

Chair called for a roll call vote:	<u>Yes</u>	<u>No</u>
Chair		x
Member Cooke		x
Member Kanaka'ole		x
Member Okimoto		x
Member Okuhama		x
Member Trump		x
Member Watts		x
Member Wicker		x

The motion failed: 0 yes – 8 no.

**G. Adjourn**

Having no further business before the Board Chair adjourned the meeting at 11:32 A.M.

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*Pursuant to section 92-3.7, Hawaii Revised Statutes (HRS), this meeting was held remotely with Board members, Staff, Applicants, and the Public participating via Zoom meeting venue, and an in-person meeting location available for public participation at the State Office Tower, 235 S. Beretania Street, Suite 205, Honolulu, HI 96813*

**Members Present, virtually:**

Lyle Tabata, Kauai County member (Chair)  
Jesse Cooke, Honolulu City and County member (Member Cooke)  
Sharon Hurd, HBOA ex officio member (Member Hurd)  
Dean Okimoto, member-at-large (Member Okimoto) (entered the meeting at 2:14 p.m.)  
Jason Okuhama, member-at-large (Member Okuhama)  
Nathan Trump, Hawaii County member (Member Trump)  
Dane Wicker, designee for DBEDT ex officio member James Tokioka (Member Wicker) (exited the meeting at 2:45 p.m.)

**Members Excused:**

Glenn Hong, member-at-large (Member Hong)  
Ryan Kanaka'ole, designee for DLNR ex-officio member Dawn Chang (Member Kanaka'ole)  
Karen Seddon, member-at-large (Member Seddon)  
Jayson Watts, Maui County Member (Member Watts)

**Counsel Present, virtually:**

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

**Staff Present, virtually:**

Wendy Gady, Executive Director (Ms. Gady)  
Mark Takemoto, Sr. Executive Assistant  
Lyle Roe, Asset Manager (Mr. Roe)  
Ken Nakamoto, Project Manager  
Roger Clemente, Property Manager (Mr. Clemente)  
Frankie Empeno, Contract Manager  
Ingrid Hisatake, Executive Secretary

**Guests Present, virtually:**

ADC Guest  
Mike Faye (Mr. Faye), Kekaha Agriculture Association (KAA)

**Guests Present, physical location:**

None.

**A. Call to Order:**

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Chair called the special meeting to order at 2:08 p.m.

Chair conducted a roll call of the Board. Chair called each Board members name and asked them to acknowledge their presence and state who if anyone over the age of eighteen was present in the room with them. The roll call served as a roll call vote and for each subsequent vote, Chair would ask if there were any objections or abstentions. If there were none the motion would be approved on the same basis as the initial roll call.

Chair, Member Cooke, Member Hurd, Member Okuhama, Member Trump, and Member Wicker acknowledged their presence. Member Okimoto entered the meeting at 2:14 p.m.

Chair noted that Member Hong, Ryan Kanaka'ole, Member Seddon, and Member Watts were excused from the meeting.

**B. Approval of Minutes**

1. None

**C. Chairperson's Report**

1. None

**D. Committee Reports**

1. None

**E. Action Items**

1. **Request to accept the recommendations of the Land Application permitted interaction group**

Chair called for a motion to approve.

Motion by Member Wicker; Second by Member Hurd.

Chair called on Mr. Clemente for the staff presentation.

Mr. Clemente read from the submittal, noting that the Land Application permitted interaction group recommended the top five high scoring applicants to receive land:

Aloun Kauai Farming LLC  
Teng Da Inc. – Yida Zeng  
Xianzhi Zhao  
Suriwong Chaiyachet  
Kauai Taro

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

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Chair asked if there was any board discussion.

Member Cooke clarified that these applicants were the first round picks.

Member Okimoto expressed concern about the many farmers being displaced from their farming operations and wanted to make sure they were taken care of, or discussed, at some point.

Chair called for the vote. Hearing no objections or abstentions the motion was unanimously approved: 7-0.

### **2. Request for approval to establish a permitted interaction group to make recommendations on land opportunities project for small and disadvantaged land applicants; appointment of members thereto**

Chair called for a motion to approve.

Motion by Member Okimoto; Second by Member Wicker.

Chair called on Mr. Roe for the staff presentation.

Mr. Roe stated that in regard to what Member Cooke and Member Okimoto were talking about earlier, this is the first round, high scoring farmers. To reach other farmers who may have scored beneath the threshold that the Board had set, but who may very well be good valuable farmers, staff asks that a permitted interaction group be established that will consider a proposed location, criteria, time frame, special license terms, and eligibility requirements for a proposed project. This project is for Parcel 16, which is just north of Wahiawa, which will be a special area to locate some disadvantaged farmers. This submittal does not address the Kauai applicants. Another project will be proposed for the low scoring applicants on Kauai. The request does not include reevaluation or rescoring the applications. These applications have already been scored. This is just to reevaluate some of the criteria to see if some of the other applicants who didn't make the first cut may qualify for this special project location.

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

Chair asked if there was any board discussion.

Member Trump asked if this allows the Board to consider awarding land to applicants that scored below the point threshold and if the land permitted interaction group would use this further criteria for evaluation.

Mr. Roe replied that the land permitted interaction group has been dissolved. This request is for a new permitted interaction group that will consider what criteria should be evaluated; perhaps even a new scoring threshold for small, disadvantaged immigrant farmers who may need some additional help. Based on farm visits, scoring, application, financial ability; maybe those who the new permitted interaction group think are valid good farmers.

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Member Trump asked if the creation of this permitted interaction group would allow them to amend the criteria.

Mr. Roe stated that the applications are already scored. Based on that, it would be a simple chore for staff to apply the new criteria to see who qualifies. And then that recommendation would be made to the Board. After that, the Board would have to adopt the new recommendations made by staff.

Member Okimoto stated that he's glad they're going to reevaluate the criteria because there's a lot of things that need to be evaluated before a decision is made on some of these applications. It's also the timing. He's concerned about one of the farmers on Kauai who is going to lose his land by March of next year. And there are all of those farmers whose time is up in September of next year. The permitted interaction group must be very expeditious and act in a timely manner so that they don't cause these farmers more anxiety. Plus, they have to move things, and set up, and all those things. There's an urgency to it all.

Mr. Roe stated that he needed to make the Board aware that the Oahu project area is not ready to accept farmers. There's very little water and it's going to take a lot of work. On Kauai most fields are move-in ready; much more move-in ready than Oahu. That is really the only significant parcel left on Oahu. Even if the permitted interaction group moves expeditiously, and the Board moves expeditiously, there's still a massive amount of work to be done to get water to this parcel, such as building reservoirs, and building an access road.

Member Wicker stated that if they do that on Oahu, it sets a precedent. Those that meet the amended criteria on the neighbor island are going to want the same treatment. Whatever we're doing on Oahu should be done for Kauai as well. If the farmers are doing food production, which is our mission, should we be concerned about why they fell below the scoring bar. Can the low scores be mitigated or addressed through workshops or different types of programs or training? If that's within our statute we should look at that. What resources does that involve? If there's no water to this site, ADC should look at nearby water systems that ADC could purchase to make sure we get that critical infrastructure to our parcels.

Mr. Roe added that ADC is waiting on land court for the purchase of the Dole wells. Well number 26 is just across the road from Parcel 16. The other water source is the Waiawa ditch, which is part of what we're trying to acquire from Dole. Those are long term projects that are going to require money and fixes. Just so the Board is aware, those are the two water draws ADC will seek first.

Member Wicker stated the path to food security and resiliency is not going to be cheap.

Ms. Gady stated that in 2022, HRS chapter 163D was updated to specifically address small local farmers. Many of the small farmers have not started GAP training. In regard to land preparation, members of the ag community are asking how to help; can they bring in equipment to help clear; make small reservoirs; help to afford a pump. They're asking how they can help these individuals get set up sooner rather than later. We are waiting for recordation to acquire the three Dole wells. But we need to acquire the Haleiwa, Waialua, and Wahiawa irrigation systems that is a core component of water source to this land.



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Member Cooke commented that he was under the impression that a lot of the farmers saw the land on Oahu was up for license and knew the land doesn't have water.

Mr. Roe stated that the individuals who attended the site visit were aware. That was made abundantly clear, as well as the proposed time frame. They should be aware of that.

Member Okuhama had a question about the parcels. Who will actually survey and unofficially subdivide the property on paper; actually chart out five acres, ten acres.

Mr. Roe stated that his understanding was that most of the requests were for twenty to forty acres and that ADC will subdivide this. He doesn't know if there's going to be an informal subdivision or a formal subdivision. There's also an access road that needs to be taken care of.

Ms. Gady said in the past FSA [USDA Farm Service Agency] gets involved. They have a drone they fly over the land in addition to looking at the former ag infrastructure that shows where the water lines are at. That starts the mapping and creating the subdivisions. The individual farmers should have their own subdivision to qualify for NRCS, USDA, FSA programs.

Member Okimoto said he doesn't know how they're going to be able to accommodate all of the applicants we have because of the acreage and other things. They need to take care of as many of the immigrant farmers that want to farm.

Mr. Roe said the short answer is there's more desire for land than land available. What this permitted interaction group does as far as setting criteria will be crucial and doing it expeditiously is important. But getting good farmers is also important.

Member Okuhama stated that if FSA is going to help them, most of the lots are round numbers; ten, fifteen, twenty, and they just chart it out for five acre parcels. Have them start mapping this parcel, at least start the work. If time is of the essence, we can get that moving.

Mr. Roe explained that's going to be a policy decision by the board. Do they want a lot of really small farmers on five to ten acres or do they want more mid-sized farms that can take advantage of economy of scale in the ten to fifty acre range and fifty to one hundred acre range. The bigger we make it, the fewer people we can service, the smaller we make it, the more management problems we're going to have. It really comes down to a policy decision.

Chair said if you give them five acres when they actually asked for twenty, there will be no room to expand. It will be pretty cumbersome to set up small parcels. It must be decided from the beginning, what they're going to eventually end up with, it's complicated and needs more discussion.

Mr. Roe explained that it's also part of what the permitted interaction group will consider; the proposed location, criteria, time frame, special license terms. These are all the things that the permitted interaction group can consider, evaluate, and make recommendations to the Board.

Member Okimoto stated that as much as they want five-year build up plans, they must look at how fast they're going to build this out. We need to tell them that within one year or two years, you'll have this much land, and they're going to need to build out by that time; be very stringent

## **AGRIBUSINESS DEVELOPMENT CORPORATION**

Minutes of the Special Meeting of the Board of Directors held Virtually on November 1, 2024  
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about that. And if they're not there, then they're in violation. The thing that is going to hurt these guys is if they want to do fruits and vegetables, they're not going to be able to do both because the build out takes too long. The criteria to be developed must look at how fast they're going to put it into production.

Ms. Gady said it's important the applicants know how many acres they are getting because they need to go at once for a conservation plan. It cripples the whole system waiting for the conservation plan. To start moving they need to know their boundaries. We need to look at our land policy and procedures, if somebody's not actively farming in like a year or two years, we need to take a strong look at that strategy and make changes in the license agreement.

Chair called for the vote. Hearing no objections or abstentions the motion was unanimously approved: 7-0.

Chair remarked that he had spoken to all the members of the recently dissolved land permitted interaction group and would like to reappoint them all: Chair, Member Cooke, Member Okimoto, Member Okuhama, and Member Trump. This group has already established ideas and desired changes and to maintain continuity. Mr. Clemente will be the staff member assigned to assist this land opportunity project group. He asked if Mr. Roe could serve as a reference point to keep them on track.

Mr. Roe replied that he can do that.

Chair stated that the permitted interaction group shall consider a potential land opportunity project for small and disadvantaged farmers who may be imminently displaced from their current farming operations. Discuss many of the points that have been brought up during the first permitted interaction group review of applicants; try and improve the process. Consider the proposed location, criteria, time frame, special license terms, and eligibility requirements for the proposed project, and meet with the applicants if necessary. Present their findings and recommendations to the Board, as soon as possible, hopefully by the November 21st Board meeting. That is a really short timeline.

Ms. Prescott-Tate interjected that Mr. Faye had his hand raised.

Mr. Faye stated that he just wanted to comment that the two successful candidates on Kauai had somewhat extensive pre-application communications with KAA, who helped to identify lands, what resources were on that land, and how to properly fill out the land application. ADC's land policy and procedures manual regarding the Kekaha lands includes consultation with KAA. KAA would certainly like to help educate applicants on what's available and what to expect out here. In that regard, KAA would ask that the land policy be followed and that KAA be consulted early in this process so we may be able to help some of these applicants.

Chair asked if there were any further public testimony. There were none.

Member Trump stated that he thinks it is sufficient to just address the immediate criteria allowing the Board to award land licenses to the current group of applicants. They are trying to do this as simply as possible without rescoring. That's why the staff submittal was structured that way.

## **AGRIBUSINESS DEVELOPMENT CORPORATION**

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Chair stated that the Board approved what was presented by staff.

Ms. Waihee-Polk stated that the permitted interaction group can take into account anything that the Board has shown concern about when they discuss the recommendations.

Ms. Gady remarked that a couple of things have happened. The Board members have gone out to look at the farms. Sometimes the farmers don't put everything on their application but when you actually go out to the farm you realize how many workers they have, how much more equipment than they actually listed. Some folks already had potted trees ready to go. There are things that you see on a farm and talk about plans with the applicants. Like, one applicant didn't include his two sons that help on the weekends and the evenings, but they want to do farming full-time. That's helpful information. Member Okimoto talked about the fact that some of these folks were losing their land; that information was not included in the application. So keeping the scoring as-is and try to get the permitted interaction group out to see some of the additional applicants would pretty much make it clear that the small and disadvantaged farmers are pretty strong applicants.

Chair stated that he'll contact the permitted interaction group members that he appointed and will schedule their next meeting at the earliest convenience of all. And at this point we're moving onto informational items so there will be no motion or vote needed.

Member Wicker left the meeting at 2:45 p.m.

### **F. Informational Items**

#### **1. Notice of Regular Meeting of the Board of Directors to be held on December 5, 2024**

Chair noted that the December Board meeting was moved from December 19, 2024 to December 5, 2024 so please adjust your schedules accordingly.

### **G. Adjourn**

Having no further business before the board, Chair called for a motion to adjourn.

Motion by Member Hurd; Second by Member Cooke.

Chair called for the vote. Hearing no objections or abstentions the motion was unanimously approved: 6-0.

Chair adjourned the meeting at 2:53 p.m.

**AGRIBUSINESS DEVELOPMENT CORPORATION**

Minutes of the Special Board of Directors Meeting held Virtually on December 6, 2024

Via Zoom Teleconference and In-Person at 235 S. Beretania Street, Suite 405, 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 Office Tower, 235 S. Beretania Street, Suite 405, Honolulu, HI 96813*

**Members in Attendance, virtually:**

Lyle Tabata, Kauai County member (Chair)  
 Jesse Cooke, Honolulu City and County member (Member Cooke)  
 Glenn Hong, member-at-large (Member Hong)  
 Sharon Hurd, HBOA ex officio member (Member Hurd)  
 Dean Okimoto, member-at-large (Member Okimoto)  
 Jason Okuhama, member-at-large (Member Okuhama)  
 Karen Seddon, member-at-large (Member Seddon)  
 Nathan Trump, Hawaii County member (Member Trump)  
 Dane Wicker, designee for DBEDT ex officio member James Tokioka (Member Wicker)

**Members Excused:**

Jayson Watts, Maui County member  
 Ryan Kanaka'ole, designee for DLNR ex-officio member Dawn Chang

**Counsel Present, virtually:**

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

**Staff Present, virtually:**

Wendy Gady, Executive Director (Ms. Gady)  
 Mark Takemoto, Sr. Executive Assistant  
 Ken Nakamoto, Project Manager  
 Ingrid Hisatake, Executive Secretary  
 Roger Clemente, Property Manager (Mr. Clemente)  
 Lyle Roe, Asset Manager

**Guests Present, virtually:**

ADC Guest  
 iPhone  
 Amy's AI Notetaker  
 Joshua Uyehara, Kekaha Agriculture Association  
 Malachi Burrows

**Guests Present, In-Person**

Kaho'opi'i, Sovereign Kingdom of Hawaii

## **AGRIBUSINESS DEVELOPMENT CORPORATION**

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Via Zoom Teleconference and In-Person at 235 S. Beretania Street, Suite 405, Honolulu, HI 96813

### **A. Call to Order:**

Chair called the meeting to order at 2:03 P.M.

Chair conducted a roll call of the Board. Chair called the name of each Board member and asked them to acknowledge their presence and state who if anyone over the age of eighteen was present in the room with them. The roll call served as a roll call vote and for each subsequent vote Chair would ask if there were any objections or abstentions. If there were none, the motion would be approved on the same basis as the initial roll call.

Chair, Member Cooke, Member Hong, Member Hurd, Member Okimoto, Member Okuhama, Member Seddon, Member Trump, and Member Wicker acknowledged their presence with no one in the room with them.

### **B. Approval of Minutes**

1. None

### **C. Chairperson's Report**

1. None

### **D. Committee Reports & Permitted Interaction Group Reports**

1. None

### **E. Action Items**

1. **Request to approve the report and findings of the goals and objectives for the executive director permitted interaction group**

Chair stated that due to his error, this item was being deferred to a later meeting.

2. **Request to approve the report and findings of the land opportunities project on the island of Kauai permitted interaction group**

Chair stated that he needs to correct the title of this agenda item. Agenda item E-2 should read "Request to approve the findings and recommendations of the Land Application permitted interaction group for selecting applicants for the small, disadvantaged farmer program on Kauai."

Chair called for a motion to approve.

Motion by Member Wicker; Second by Member Trump.

Chair called on Mr. Clemente for the staff presentation.

Mr. Clemente stated that the Board established a second permitted interaction group to consider a land opportunity project for small and disadvantaged farmers on Kauai using the land applications that were previously received but did not score high enough to be considered for the first round of land awards. The second permitted interaction group was to develop additional criteria to be used for a program to support small, disadvantaged farmers on Kauai. On

## **AGRIBUSINESS DEVELOPMENT CORPORATION**

Minutes of the Special Board of Directors Meeting held Virtually on December 6, 2024

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December 5, 2024, the second Permitted Interaction Group to Consider a Land Opportunity Project for Small and Disadvantaged Farmers on Kauai gave its report, findings, and recommendations to the Board. There were three recommendations: 1) That ADC use the list of land applications received prior to October 16, 2024 to select the top rated applicants using criteria developed by the United States Department of Agriculture (USDA) for socially disadvantaged farmers and ranchers; 2) limit the program to truck crop farmers; and 3) consider minimum size lots of ten acres and maximum size lots of one hundred acres.

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

Chair asked if there was any Board discussion.

Member Wicker asked if this was only for Kauai.

Mr. Clemente responded yes, for Kauai only.

Member Wicker asked if there were any farmers looking for land in Kekaha.

Mr. Clemente confirmed the farmers sought land in Kekaha.

Chair asked what additional information they're looking for the disadvantaged farmer versus the original farmers list that were already reviewed. What criteria would allow the applicant a change in status to move forward.

Mr. Clemente replied that using the applicant list, those with the highest score, and work their way down applying the USDA socially disadvantaged farmer criteria.

Ms. Gady commented that there was a minimum threshold, then looking at the USDA definition of small and disadvantaged farmers. Some of their financials may not be as strong as somebody who's been farming for ten, twenty, thirty years, and recognizing there's a cultural barrier, some people tend to downplay how successful their farms are. Sometimes the information they put in the application may not be representative of what's actually happening on the farm. When the permitted interaction group went out and actively looked at the farm, met with the people, looked at their farming practices, often times an entirely different story emerged.

Member Cooke commented that more than half of these farmers were above \$50,000 in sales. To give you a sense of what that means, only 12% of farmers in Hawaii are over \$50,000 in sales. These are mid-sized farmers by Hawaii standards; they're not just small backyard folks. They're really producing a good amount of food.

Chair stated that during some actual site visits these small farmers thoroughly impressed him.

Member Okimoto stated that a lot of the farmers on Kauai are already food safety certified. There are two major farmers on Kauai that are losing their land at the end of the year. They need new land so they can start moving their trees. These two are food safety certified, GAP certified, and they're good farmers too.

Chair asked if there was any other discussion.

**AGRIBUSINESS DEVELOPMENT CORPORATION**

Minutes of the Special Board of Directors Meeting held Virtually on December 6, 2024

Via Zoom Teleconference and In-Person at 235 S. Beretania Street, Suite 405, Honolulu, HI 96813

Ms. Waihee-Polk requested that the Board move into executive session pursuant to section 92-5(a)(4), HRS, to consult with the Board's attorney on questions and issues pertaining to the Board's powers, duties, privileges, immunities and liabilities before any action on this agenda item was taken.

Chair called for a motion to go into executive session.

Motion by Member Wicker; Second by Member Trump.

Chair asked if anyone from the public wished to give testimony regarding the decision to go into executive session. There was none.

Chair conducted a roll call vote. Chair, Member Cooke, Member Hong, Member Hurd, Member Okimoto, Member Okuhama, Member Seddon, Member Trump, and Member Wicker voted to approve the motion. Motion unanimously approved: 9-0.

The public meeting was in recess subject to reconvening at the conclusion of the executive session.

Exited the public meeting at 2:22 P.M.

Chair called the meeting back to order at 2:32 P.M.

Chair deferred agenda item E-2 until the next meeting pursuant to section 92-2.5(b)(1)(C), HRS, which requires that deliberation and decision-making on a matter investigated by a permitted interaction group must be held no less than six business days after the meeting where the findings and recommendations of the investigation were presented to the Board. In this case the findings and recommendations of the second Land Application permitted interaction group for selecting applicants for the small, disadvantaged farmer program on Kauai were received yesterday on December 5, 2024.

**F. Informational Items**

1. None

**G. Adjourn**

Having no further business before the Board, Chair asked for a motion to adjourn.

Motion by Member Trump; Second by Member Cooke.

Chair called for the vote. Hearing no objections or abstentions the motion was unanimously approved: 9-0.

Chair adjourned the meeting at 2:33 P.M.

STATE OF HAWAII  
**AGRIBUSINESS DEVELOPMENT CORPORATION**

D-1

STAFF SUBMITTAL TO THE BOARD OF DIRECTORS  
January 16, 2025

Subject: Presentation of the Land Application permitted interaction group's findings and recommendations for developing a program for small, disadvantaged farmers on Kauai

Applicant: Agribusiness Development Corporation (ADC)

Authority: 163D-4(a)(5), Hawaii Revised Statutes



November 21, 2024

## BACKGROUND:

On March 19, 2024, the ADC solicited applications from interested farmers to fill the remaining vacant farm lots on Oahu and Kauai. Using their discretion and expertise, the committee evaluated the land applications and awarded points for each of the following categories: Experience, Marketability of Products, Finances, Business Plan and Farming Practices.

In total, the ADC received 43 land applications. Of the 43 land applications received, only 7 met or exceeded the minimum score established.

On November 21, 2024, the ADC Board established a second permitted interaction group to consider a potential land opportunity project for small and disadvantaged farmers on Kauai who may be imminently displaced from their current farming operations and did not meet the minimum qualifications and/or submitted a land application after the May 3, 2024 deadline.

The permitted interaction group met with ADC staff virtually to determine the location (see Exhibit "A"), criteria, and eligibility requirements for the proposed project.

## FINDINGS:

### Findings #1:

The ADC Board identified available land in Kekaha and Kalepa as an ideal location for this program.

- A. Size: Various Gross Acres that is usable for diversified farming. Minimum size lot for diversified agriculture operation is 10 acres.
- B. Location: Kekaha and Kalepa
- C. Water source: water is readily available on Kehaka, while Kalepa has no available water. A possible second water source on Kalepa is an irrigation ditch: The Licensee is also responsible for the development of the irrigation water infrastructure, including transporting water and constructing its own water storage onsite.
- D. Condition of property: The land on Kalepa is overgrown with grass and tall trees. The land will require clearing before any agricultural activities can begin and will be issued "as is." The Licensee is responsible for developing the land in accordance with applicable laws and license provisions. The Kekaha land is readily available for farming.
- E. Finding #2:

In total, the ADC received 6 land applications. Of the 6 land applications received, 3 did not meet the minimum qualification established. Many of these farmers are small and disadvantaged farmers on Kauai who may be imminently displaced from their current farming operations (see Exhibit B).

### Finding #3:

Based on the size of available lands and the number of applicants remaining, ADC needs to establish a selection criterion based on merit to ensure ADC selects the top applicants based on their experience, marketability of product, finances, business plan, and farming practices.

### Finding #4:

A minimum and maximum size for field crops should be established so that the farmers have enough area to implement crop rotation with cover crops and other non-food crops for pest mitigation. Furthermore, the committee believes it's important to accommodate as many small,

November 21, 2024

disadvantaged farmers as possible, and that the farmer has enough farmland to achieve the economies of scale.

RECOMMENDATIONS:

The discussion suggested that a selection criterion for this program to support small, disadvantaged farmers on Oahu is needed. The committee's recommendations for the Board's review and consideration are summarized below:

Recommendation #1:

ADC shall use the list of applications already received prior to 10-16-2024 and select the highest-rated applicants. The applicants shall meet the criteria of small and disadvantaged, which is defined by the United States Department of Agriculture as a socially disadvantaged farmers and ranchers (SDFRs) as those belonging to groups that have been subject to racial or ethnic prejudice. SDFRs include farmers who are Black or African American, American Indian or Alaska Native, Hispanic or Latino, and Asian or Pacific Islander. For some but not all USDA programs, the SDFR category also includes women.

Recommendation #2:

The Committee suggest that ADC limits the program to truck crop farmers.

Recommendation #3:

The Committee proposes a minimum size of 10 acres and a maximum size of 100 acres for field crops.

DISCUSSION:

ADC's goal is to develop a program to support small, disadvantaged farmers and select the most qualified applicants and award land licenses to agricultural operators who can help ADC double the local food production. Establishing a program to assist small, disadvantaged farmers will help ADC address its statutory mandate to increase access to farmland for small local farmers and cooperatives. A request to adopt the recommendations of the Land Application permitted interaction group for developing a selection criterion for the small, disadvantaged farmer program shall be presented at the next ADC Board meeting.

RECOMMENDATION TO BOARD:

Based on the foregoing, staff recommends that the Board considers the findings and recommendations of the Land Application permitted interaction group for selecting applicants for the small, disadvantaged farmer program on Oahu.

Respectfully Submitted,



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WENDY L. GADY  
Executive Director

STATE OF HAWAII  
**AGRIBUSINESS DEVELOPMENT  
CORPORATION**

E-1

STAFF SUBMITTAL TO THE BOARD OF DIRECTORS  
January 16, 2025

Subject: Request for approval to terminate Lease Agreement No. LE-K1201 assigned to Hawaii Department of Education; and delegate authority to the executive director to execute a Memorandum of Agreement with the Hawaii Department of Education regarding access to Agribusiness Development Corporation tenant operations in Kekaha, County of Kauai, State of Hawaii, Tax Map Key No. (4) 1-2-002:001 (por.), deferred from December 5, 2024

Applicant(s): Agribusiness Development Corporation (ADC)

Authority: Section 163D-4(a)(5), Hawaii Revised Statutes

Area: 10.0 acres

Field No(s): 309 (por.) (Premises)

Tax Map Key: (4) 1-2-002:001

Land Status: Set aside to the Agribusiness Development Corporation by Governor's Executive Order No. 4007 (EO4007) for *Agricultural and Related Purposes*

Trust Land Status: Section 5(b) lands of the Hawaii Admission Act  
Yes  No   
DHHL 30% entitlement lands pursuant to the Hawaii State Constitution?  
Yes  No

Zoning: SLUD: Agricultural  
CZO: Agricultural

Character of Use: Agricultural, Office

Land Doc. Type: Lease

Term: 35 years (currently in year 12)

Rental Rate \$720 per acre per year  
**Annual Rent: \$7,200**

*Request for approval to terminate Lease Agreement No. LE-K1201 assigned to Hawaii Department of Education; and delegate authority to the executive director to execute a Bill of Sale and a Memorandum of Agreement with the Hawaii Department of Education regarding access to Kekaha agricultural facility in Kekaha, County of Kauai, State of Hawaii, Tax Map Key No. (4) 1-2-002:001 (por.)*

January 16, 2025

#### BACKGROUND:

Pursuant to action by the Agribusiness Development Corporation (ADC) Board of Directors (Board) on February 16, 2023 that approved the assignment and transfer of Lease Agreement No. LE-K1202<sup>1</sup> (Lease) for 10 acres in Kekaha (Premises) (Exhibit “A”) from Beck’s Superior Hybrids, Inc. (Beck’s) to the Hawaii Department of Education (HDOE). The assignment was executed and effective on March 10, 2023.

Following extended negotiations, ADC and HDOE (Parties) have reached agreement on terms under which the Lease will be terminated, the Premises will revert to ADC, and the Parties will develop a Bill of Sale (BOS) (Exhibit “B”) for the transfer of the Premises, and a Memorandum of Agreement (MOA) (Exhibit “C”) under which ADC may facilitate HDOE access to the Premises and ADC-tenant operations in Kekaha, subject to tenant consent.

#### REQUEST:

Staff requests that the Board terminate Lease Agreement No. LE-K1201 as assigned to the HDOE; delegate authority to the executive director to execute the BOS and MOA between ADC and the HDOE to facilitate the transfer of the Premises and provide HDOE access to the Premises and ADC-tenant operations in Kekaha, subject to the Recommendation(s) below. Further request that the Board waive all lease rents and any ADC-issued common area maintenance fees from April 30, 2024 - present. (Request)

#### OPERATIONAL PLAN:

Upon termination of the Lease and reversion of the Premises to ADC, ADC intends to fully license the Premises to various farmers and agricultural-related entities for office and storage space, and processing facilities. As space permits, ADC shall, in accordance with the MOA, facilitate access to the Premises for HDOE’s use, pursuant to the Agricultural and Related Purpose public purpose set forth in E4007, and all applicable zoning and use laws and designations.

#### CONSERVATION PLAN:

N/A

#### CHAPTER 343 – ENVIRONMENTAL ASSESSMENT COMPLIANCE:

Under section 343-5(a), Hawaii Revised Statutes, an environmental assessment shall be required for actions, that propose, among other things, the “(1) use of state land or county lands, or the use of state or county funds[.]” In this case of the use of state lands, staff believes the action is de minimis (routine maintenance or operations) and will probably have minimal or no significant effect on the environment and is therefore exempt from the preparation of an environmental assessment pursuant to chapter 343, Hawaii Revised Statutes.

#### REMARKS & DISCUSSION:

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<sup>1</sup> Further background regarding the Lease may be accessed at <https://dbedt.hawaii.gov/adc/files/2023/02/2023-02-16-Board-Meeting-Package-signed.pdf> (see item E-2)

*Request for approval to terminate Lease Agreement No. LE-K1201 assigned to Hawaii Department of Education; and delegate authority to the executive director to execute a Bill of Sale and a Memorandum of Agreement with the Hawaii Department of Education regarding access to Kekaha agricultural facility in Kekaha, County of Kauai, State of Hawaii, Tax Map Key No. (4) 1-2-002:001 (por.)*

January 16, 2025

At this time, it is not possible to establish an accurate valuation associated with the Request, however, in March 2023, HDOE paid \$5,960,000.00 to Beck's to acquire the Lease.

Staff has concerns about the use of the Premises by school children in close proximity to agriculture-related activities and the implications of federal worker protection standards on their activities. However, staff will assess specific HDOE requests for space on a case-by-case basis.

RECOMMENDATION(S):

Based on the foregoing, it is recommended that the Board:

1. Approve the Request, subject to the following conditions:
  - a. Termination of the License shall be effective at 12:00 a.m. on February 1, 2025; and
  - b. All educational activities conducted by HDOE on ADC property shall be agriculture-related in accordance with the *Agricultural and Related Purpose* public purpose set forth in EO4007, and
  - c. All educational activities conducted by HDOE on the property shall be in accordance with applicable zoning and use laws and designations.
2. Declare that, pursuant to ADC's Comprehensive Exemption List dated May 1, 2018, the proposed action is de minimis (routine maintenance or operations) and will probably have minimal or no significant effect on the environment and is therefore exempt from the preparation of an environmental assessment, pursuant to Chapter 343, Hawaii Revised Statutes

Respectfully Submitted,

  
\_\_\_\_\_  
LYLE ROE  
Asset Manager

*Approved for Submittal:*


  
\_\_\_\_\_  
Wendy Gady  
Executive Director

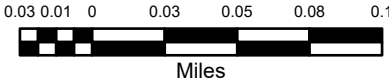
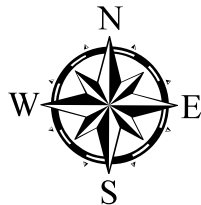
EXHIBIT A



STATE OF HAWAII  
**AGRIBUSINESS**  
DEVELOPMENT CORPORATION

Lease Agreement No.  
LE-K1201

State of Hawaii, Department  
of Education



Esri, TomTom, Garmin, FAO, NOAA, USGS, EPA, USFWS, Esri, CGIAR, USGS, Sources: Esri, Airbus DS, USGS, NGA, NASA, CGIAR, N Robinson, NCEAS, NLS, OS, NMA, Geodatastyrelsen, Rijkswaterstaat, GSA, Geoland, FEMA, Intermap and the GIS user community. This work is licensed under the Esri Master License Agreement. View Summary | View Terms of



**BILL OF SALE**

The State of Hawaii, Department of Education (Seller), for and in consideration of the sum of ONE DOLLAR (\$1.00), paid to it by the State of Hawaii, Agribusiness Development Corporation (Buyer) , the receipt thereof is hereby acknowledged, does hereby bargain, sell, transfer and deliver unto the Buyer, the following:

The approximately 20,906 gross square-foot facility shown on Exhibit A attached hereto and made a part hereof and improvements including two high-ceiling garage bays, two cold storage rooms, two fumigation chambers, a shade house (with headhouse), an employee pavilion with lockers and restrooms, a covered dock between garage bays, and all other structures, equipment, utilities, and other facilities and appurtenances affixed or attached to or affixed or attached beneath the surface of the real property (the “Improvements”) subject to that certain Lease Agreement No. LE-K1201, dated July 16, 2012, by and between the State of Hawaii Agribusiness Development Corporation and BASF Plant Science, L.P., assigned to and assumed by Beck’s Superior Hybrids, Inc., by that certain Assignment and Assumption of Lease, effective September 30, 2016, and further assigned to Seller by that certain Assignment and Assumption dated March 10, 2023 (together, the “Lease Agreement”). The Improvements are subject to Paragraph 15 of the Lease Agreement which dictates that the ownership of the Improvements shall, at the option of the State of Hawaii, Agricultural Development Corporation, vest in the State of Hawaii, Agricultural Development Corporation or shall be removed by Seller at Seller’s sole cost and expense. Such Improvements are found on the premises located in Kekaha, Kauai, Hawaii, identified as Tax Map Key No. (4) 1-2-002:001 (por.).

Seller hereby sells and conveys the Improvements “AS IS, WHERE IS” WITH ALL FAULTS AND OTHERWISE MAKES NO WARRANTY WHATEVER, EXPRESS OR IMPLIED, AS TO THE IMPROVEMENTS OR ITS TITLE, QUALITY, CONDITION, MERCHANATABILITY OR FITNESS FOR ANY PURPOSE. Buyer has inspected (or has had the opportunity to inspect) the Improvements, including but not limited to the construction thereof, and accepts the Improvements in their “AS IS, WHERE AS” CONDITION WITH ALL FAULTS, WITHOUT ANY WARRANTIES. However, this sale of the Improvements is made in full substitution and subrogation in favor of the Buyer in and to all rights which Seller has or may have regarding the Improvements including, but not necessarily limited to, any and all rights of warranty which Seller has or may have against the contractor(s), subcontractor(s) and/or supplier(s) of the Improvements. Seller hereby represents that the Improvements are free from any and all claims.

TO HAVE AND TO HOLD the above-described Improvements unto the Buyer, its successors and assigns, forever.

This Bill of Sale may be executed in two or more counterparts, and it shall not be necessary that any one of the counterparts be executed by all of the parties hereto. Each fully or partially executed counterpart shall be deemed an original, but all of such counterparts taken together shall constitute one and the same instrument.

IN WITNESS THEREOF, the parties hereto have executed this Bill of Sale on the day and year set forth below, to be effective as of January 1, 2025.

IN WITNESS WHEREOF, the STATE OF HAWAII, by its AGRIBUSINESS DEVELOPMENT CORPORATION, and the STATE OF HAWAII, by its DEPARTMENT OF EDUCATION have caused this Bill of Sale to be duly executed this \_\_\_\_\_ day of \_\_\_\_\_, 2025.

STATE OF HAWAII  
DEPARTMENT OF EDUCATION

STATE OF HAWAII  
AGRIBUSINESS DEVELOPMENT  
CORPORATION

By \_\_\_\_\_  
Keith T. Hayashi  
Its Superintendent  
Seller

By \_\_\_\_\_  
Wendy L. Gady  
Its Executive Director  
Buyer



STATE OF HAWAII )  
 ) ss.  
CITY & COUNTY OF HONOLULU )

On this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, before me personally appeared \_\_\_\_\_, personally known/proved to me on the basis of satisfactory evidence, who, being by me duly sworn or affirmed, did say that such person executed the foregoing instrument as the free act and deed of such person, and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.

\_\_\_\_\_  
Name: \_\_\_\_\_  
\_\_\_\_\_

Notary Public, State of Hawaii

My commission expires: \_\_\_\_\_

(Notary Stamp or Seal)

<u>NOTARY CERTIFICATION STATEMENT</u>	
Document Identification or Description: _____	
Document Date: _____	
No. of Pages: _____	
Jurisdiction (in which notarial act is performed): _____	
Signature of Notary	Date of Notarization and Certification Statement
Printed Name of Notary	(Notary Stamp or Seal)

STATE OF HAWAII )  
 ) ss.  
CITY & COUNTY OF HONOLULU )

On this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, before me personally appeared \_\_\_\_\_, personally known/proved to me on the basis of satisfactory evidence, who, being by me duly sworn or affirmed, did say that such person executed the foregoing instrument as the free act and deed of such person, and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.

\_\_\_\_\_  
Name: \_\_\_\_\_  
\_\_\_\_\_

Notary Public, State of Hawaii

My commission expires: \_\_\_\_\_

(Notary Stamp or Seal)

<u>NOTARY CERTIFICATION STATEMENT</u>	
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No. of Pages: _____	
Jurisdiction (in which notarial act is performed): _____	
Signature of Notary	Date of Notarization and Certification Statement
Printed Name of Notary	(Notary Stamp or Seal)

EXHIBIT A  
IMPROVEMENT DESCRIPTION

Built in 2013 by BASF Plant Scient (BASF), the subject Improvements represent a Special Purpose agricultural research facility used for hybrid seed production. The Improvements are situated on land originally leased by the State of Hawaii Agribusiness Development Corporation (ADC) to BASF. In 2016 Beck’s Superior Hybrid Corporation (Beck’s) assumed the BASF lease and purchased the Improvements. In March 2023, SELLER assumed the Beck’s lease and purchased the Improvements, which are summarized in the following table:

SUMMARY OF BUILDING AREAS

<u>Building</u>	<u>Architectural Plans</u>	<u>SF</u>
<b><u>Main Buildings</u></b>		
Finished Office/Lab	400/500	8,376
Warehouse	600/700	4,800
Fumigation	800	500
Covered Awning Between Buildings		4,094
<b><u>Out Buildings</u></b>		
Pavilion	300	1,200
Headhouse/Grow	200	1,000
Greenhouse	100	936
<b>Gross Building Area (GBA)</b>		<b>20,906</b>

The Main Buildings consist of 8,376 square feet (SF) of finished office and lab space, 4,800 SF of warehouse space, a 500 SF fumigation building and 4,094 SF covered awning between the office and warehouse portions of the buildings.

The Improvements are of a steel frame and steel siding construction on poured concrete slab. The main entrance and reception area is located at the west end of the building fronting the main parking lot. Two bathrooms are also located in this area. The office and lab areas have an average cost and quality finish with dropped acoustic tile ceiling with recessed lighting and vinyl tile floor covering. Lab and seed sorting areas have compressed air and vacuum ducts built in. There are two small climate-controlled areas within the subject lab rooms.

At the east end of the building are two 2,400 SF open warehouses having a 22-foot ceiling height. Each warehouse has a rollup door at each end and a small built out office space. The north warehouse has a light load plywood mezzanine.

Between the office and warehouse buildings is a steel awning covering a concrete loading dock. The loading dock has one dock level truck ramp with dock leveler and one at grade loading bay.

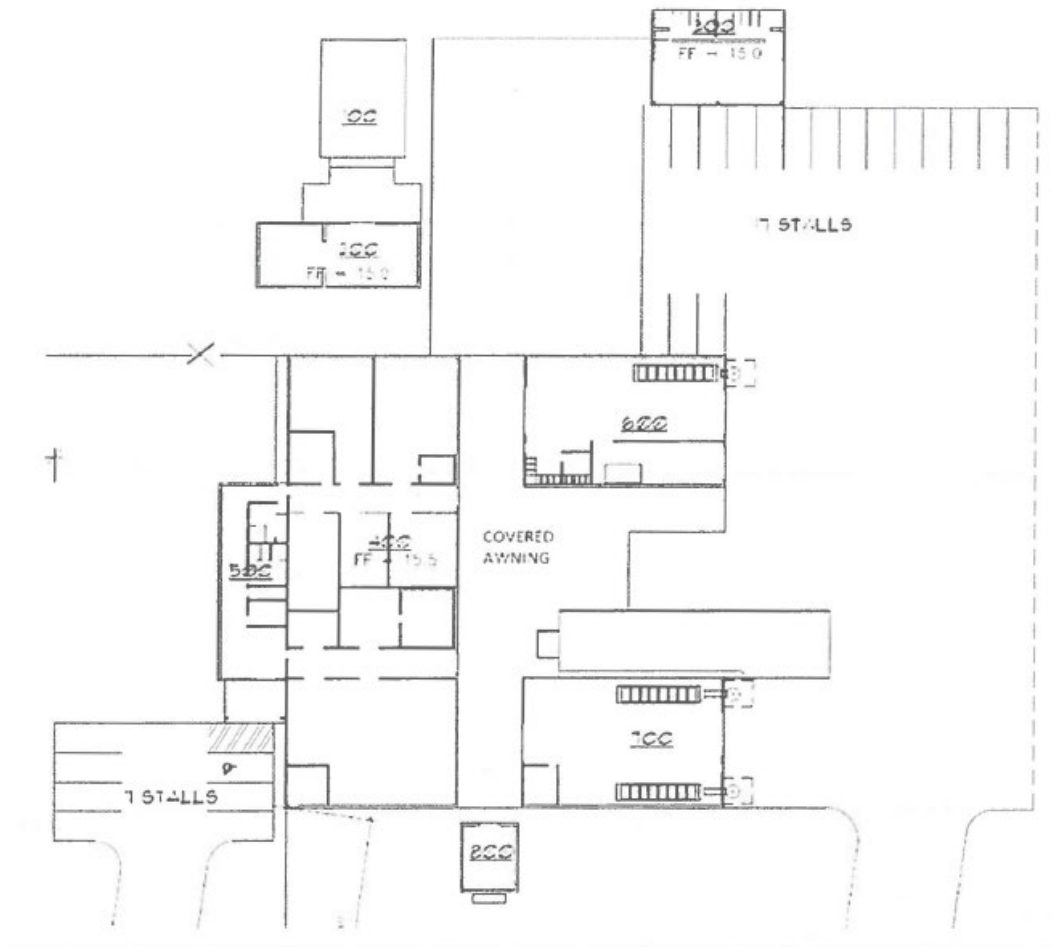
To the north of the main buildings are three outbuildings including an employee pavilion, headhouse/grow building and steel hoop greenhouse.

The 1,200 SF Pavilion is of CMU masonry block construction with hip roof. The pavilion is the primary employee area with lockers, restrooms, and picnic tables under an open canopy.

The 1,000 SF Headhouse/Grow building is of CMY masonry block construction with hip roof. This building has a dropped ceiling and extra power for grow lights and ventilation. This building has a concrete floor and floor drains.

Adjacent to the Headhouse/Grow building is a 936 SF steel hoop greenhouse. The greenhouse has a rain pervious sunshade and is situated on a concrete pad.

Areas not dedicated to the buildings are asphalt or concrete paved areas used for parking and vehicle circulation. Site improvements include perimeter chain-link fencing and two secured gate entries. There is an LPG tank on-site and two fire hydrants on-site.



**MEMORANDUM OF AGREEMENT**

This MEMORANDUM OF AGREEMENT (MOA), is executed on the respective dates indicated below and effective \_\_\_\_\_, 2024, by and between the STATE OF HAWAII, AGRIBUSINESS DEVELOPMENT CORPORATION (ADC), whose business address is 235 S. Beretania Street, Suite 205, Honolulu, HI 96813 and the STATE OF HAWAII, DEPARTMENT OF EDUCATION (HIDOE), whose mailing address is P.O. Box 2630, Honolulu, HI 96804. Each may be referred to as a “Party” or collectively as “Parties”.

**RECITALS**

WHEREAS, ADC is obligated to control and manage a certain parcel of land, which is described as a “Portion of the Government (Crown) Land of Waimea,” for agricultural and related purposes, situated at Kekaha, Waimea, Kauai, Hawaii, pursuant to Governor’s Executive Order No. 4007, dated September 16, 2003, as modified by Governor’s Executive Order Nos. 4034, 4165, and 4330 (Property);

WHEREAS, pursuant to section 205-2, *Hawaii Revised Statutes* (HRS), the Property is located on land within an agricultural district where only certain agricultural activities as identified in section 205-4.5, HRS, may be pursued without a special use permit. Under section 205-6, HRS, and chapter 13 of the *Rules of Practice and Procedure of the Kauai County Planning Commission*, a petitioner may apply for a special use permit that would allow unusual and reasonable uses to be conducted within designated agricultural districts if granted by the county planning commission;

WHEREAS, ADC entered into a thirty-five-year lease titled Lease Agreement No. LE-K1201, dated July 16, 2012, as landlord, and BASF PLANT SCIENCE L.P. (BASF), as tenant (LE-K1201), for a ten-acre parcel of land located on the Property in Kekaha, Waimea, Kauai, further identified by Tax Map Key No. (4) 1-2-002:001 (por.) (Premises) for purposes of building facilities to support the agricultural research operation of BASF;

WHEREAS, paragraph 15 of LE-K1201 states:

During the term of this Lease, LESSEE shall not construct, place, maintain, or install on the Premises any building, structure, signs, or improvement, except as otherwise allowed herein, without the prior written approval of LESSOR and upon such reasonable conditions as LESSOR may impose. All buildings, structures, signs, or improvements constructed, placed, maintained, or installed pursuant to this paragraph shall be in accordance with all applicable federal, state, and county laws, ordinances, and rules. The ownership thereof shall be in the LESSEE until expiration or sooner termination of this Lease, at which time the ownership thereof shall, at the option of LESSOR, vest in LESSOR or shall be removed by LESSEE at LESSEE’s sole cost and expense.

WHEREAS, with ADC’s written consent, BASF placed certain structures for use as a special purpose agricultural research facility for hybrid seed production (Improvements) on the Premises;

WHEREAS, on September 30, 2016, with ADC's written consent, BASF assigned its interest in LE-K1201, including Improvements, to Beck's Superior Hybrids, Inc. (Beck's);

WHEREAS, on August 25, 2021, the ADC Board approved-in-concept the transfer of LE-K1201, including the sale of Improvements, from Beck's to HIDOE for the purpose of promoting agriculture and farming in public education by teaching and building capacity for future farmers and working to support more local food production to be served in educational institutions across the state of Hawaii;

WHEREAS, on January 30, 2023, with ADC's written consent, HIDOE purchased Beck's interest in the Improvements;

WHEREAS, on February 16, 2023, the ADC Board approved the transfer of LE-K1201, which included transfer of the annual lease fee and common infrastructure improvement costs, from Beck's to HIDOE for purposes of providing agricultural education through partnerships with local agricultural producers to demonstrate the efficiencies of scale;

WHEREAS, on March 10, 2023, with ADC's written consent, Beck's assigned its interest in LE-K1201 to HIDOE;

WHEREAS, ADC's statutory mission is to use State agricultural lands, including the ceded lands located in Kekaha, to enhance the local economy, provide employment opportunities, decrease reliance on imported agricultural products, and provide more sources of locally grown food for residents of Hawaii. *See* Chapter 163D, HRS;

WHEREAS, ADC has been given the responsibility of promoting and developing agricultural enterprises, coordinating industry development, providing industry-wide services, providing marketing assistance, and facilitating investments and coventures in viable enterprises. ADC has the knowledge, capacity, and resources to assist HIDOE in reaching its local farm-to-school meal goal of thirty percent of food served in public schools consisting of locally sourced products. *See* Section 302A-405.6, HRS;

WHEREAS, HIDOE and ADC can assist each other in educating the next generation of local agricultural entrepreneurs;

WHEREAS, ADC and HIDOE mutually agree to terminate LE-K1201 prior to the end of the lease term, at no additional costs, expenses, penalties or any past or future rent owed by HIDOE; and

WHEREAS, HIDOE is agreeable to transferring its interests in the LE-K1201 and the Improvements to ADC in exchange for ADC's providing HIDOE students and staff access to the Premises and Improvements for education, professional development and work-based training opportunities as set forth herein.

NOW, THEREFORE, in consideration of the promises contained in this MOA, HIDOE and ADC agree as follows:

1. GOALS AND OBJECTIVES

ADC will collaborate with HIDOE in developing and implementing a strategy to advance agricultural education and the pursuit of agricultural enterprises amongst HIDOE students, by providing industry-wide services that include training and new market opportunities. ADC and HIDOE, with the assistance of agricultural industry leaders, will cooperate in the development and execution of workforce training opportunities and marketing assistance including the joint promotion of agricultural infrastructure improvements on Kauai. The Parties will define and establish goals, objectives, policies, and guidelines for the development and implementation of this strategy.

2. SCOPE OF COLLABORATION

HIDOE and ADC agree to perform/oversee the following tasks:

- a. Effective April 30, 2024, ADC will not bill HIDOE for the monthly lease rent and will suspend collection of the common area maintenance fee due under LE-K1201.
- b. The Parties agree that LE-K1201 will be terminated effective as of January 31, 2025, subject to the Parties agreeing to, executing and delivering such other documents and instruments as may be reasonably necessary to complete the transaction contemplated by this MOA, including, but not limited to a Termination of Lease Agreement to be recorded with the State of Hawaii Bureau of Conveyances and a Bill of Sale transferring the Improvements to ADC. The parties agree that until the above-mentioned documents are executed, LE-K1201 will remain in effect. The Parties may extend the effective termination date of the LE-K1201 by written mutual agreement.
- c. Pursuant to paragraph 15 of LE-K1201, the Parties agree that upon termination of LE-K1201, ADC shall take possession of the Premises and Improvements and HIDOE shall no longer be responsible for the upkeep, management, and maintenance costs associated with the Premises and Improvements.
- d. The Premises and Improvements will thereafter be dedicated to agricultural production and processing, which may involve the use of heavy machinery and exposure to crop management techniques (i.e. pesticide application).
- e. Throughout the term of this MOA, ADC will provide HIDOE access to the Premises and Improvements, during each school year and each summer session, for K-12 students and staff to engage in agricultural education, professional development and work-based learning opportunities. HIDOE shall be provided space(s) and/or area(s) appropriate for students and educators to prepare for and debrief the learning enabled by ADC, and for presentations by agricultural industry professionals to HIDOE students and educators. Work-based learning opportunities for students, as referenced in this paragraph, include, but is not limited to, school field trips, problem-based learning projects, job shadowing, and student internships. Professional development as described in this paragraph, includes,

but is not limited to, training in topics related to agricultural products, food distribution, and externships.

- f. HIDOE and ADC will collaborate on the development of a long-term plan for work-force development, use of the Premises and Improvements for learning opportunities for K-12 students and to build a workforce pipeline to the agricultural and food distribution industry for students in grades K-12.
- g. ADC will coordinate with local agricultural industry members to provide educational training opportunities in connection with HIDOE sponsored programs for students in grades K-12.
- h. ADC will partner with HIDOE and local industry to develop or expand facilities necessary to provide training opportunities for next generation entrepreneurs on the innovation and production of value-added agricultural products, including agricultural products to reduce the state's reliance on imported agricultural products for local and export markets and contribute to HIDOE's goal of thirty percent of the food served consisting of locally sourced products.

### 3. INTERGOVERNMENTAL COMMUNICATIONS

To provide for consistent and effective communications between HIDOE and ADC, each Party shall designate a Principal Responsible Party to serve as the central point of contact and communications on matters relating to activities to be provided through this MOA.

#### HIDOE PRINCIPAL RESPONSIBLE PARTY:

Wanelle Kaneshiro  
Workforce Development Branch Director  
Hawaii State Department of Education  
1390 Miller Street, Rm. 312  
Honolulu, HI 96813  
(808) 784-6190  
[wanelle.kaneshiro@k12.hi.us](mailto:wanelle.kaneshiro@k12.hi.us)

#### ADC PRINCIPAL RESPONSIBLE PARTY:

Wendy L. Gady  
Executive Director  
235 S. Beretania St., Suite 205  
Honolulu, HI 96813  
(808) 586-0186  
[wendy.l.gady@hawaii.gov](mailto:wendy.l.gady@hawaii.gov)



4. AMENDMENT, MODIFICATION AND TERMINATION

This MOA may be modified or amended only by written, mutual agreement of the Parties and may be terminated only as set forth in paragraph 5, below.

5. EFFECTIVE DATE AND TERM

This MOA shall be effective from the effective date as set forth above and shall remain effective for ten (10) years (Term), unless sooner terminated in accordance with this paragraph. During the first five (5) years of the Term, this MOA may be terminated by written mutual agreement of the Parties. After five (5) years, either Party may unilaterally terminate this MOA with ninety (90) days written notice to the other Party.

6. COUNTERPARTS.

The MOA may be executed by the Parties in one or more counterparts, each of which shall be deemed an original, and said counterparts will together constitute one and the same agreement and shall be binding on each of the Parties notwithstanding that all of the Parties are not signatory to the original or the same counterpart. The submission of a signature page by facsimile transmission, or similar electronic submission facility (e.g., e-mail or electronic signature) shall be deemed to constitute an “original” signature page for all purposes, and facsimile or electronic copies shall be deemed to constitute duplicate originals.

[The remainder of this page intentionally left blank; signature page follows.]

IN WITNESS WHEREOF, the Parties have caused this Memorandum of Agreement to be executed by their duly authorized representatives by their signatures below.

FOR THE HAWAII DEPARTMENT  
OF EDUCATION

By:

\_\_\_\_\_  
Keith T. Hayashi  
Superintendent  
Date:

FOR THE AGRIBUSINESS DEVELOPMENT  
CORPORATION

By:

\_\_\_\_\_  
Wendy L. Gady  
Executive Director  
Date:

APPROVED AS TO FORM

By:

\_\_\_\_\_  
Ryan W. Roylo  
Deputy Attorney General

APPROVED AS TO FORM

By:

\_\_\_\_\_  
Tina M. Tsuchiyama  
Deputy Attorney General

STATE OF HAWAII  
**AGRIBUSINESS DEVELOPMENT CORPORATION**

E-3

STAFF SUBMITTAL TO THE BOARD OF DIRECTORS  
January 16, 2025

Subject: Request to consent to sublicense under License Agreement No. LI-K1001, issued to Sunrise Capital, Inc., to Hartung Brothers Hawaii, LLC for 181.67 acres, more or less, of fields 311, 312, and 313 in Kekaha, County of Kauai, State of Hawaii, Tax Map Key (4) 1-2-002:001 (por.)

Applicant(s): Sunrise Capital, Inc. and Hartung Brothers, Inc.

Authority: 163D-4(a)(5), Hawaii Revised Statutes

Area: 181.67 gross acres, more or less (sublicense)

Field No(s): 311, 312, 313 (Premises)

Tax Map Key: (4) 1-2-002:001 (Property)

Land Status: Set aside to the Agribusiness Development Corporation by Governor's Executive Order No. 4007 for *Agricultural and Related Purposes*

Trust Land Status: Section 5(b) lands of the Hawaii Admission Act  
Yes  No   
DHHL 30% entitlement lands pursuant to the Hawaii State Constitution?  
Yes  No

Zoning: SLUD: Agricultural  
CZO: Agriculture

Character of Use: Agricultural

Land Doc. Type: Sublicense

Term: 2 years

Rental Rate \$150 per acre per year  
**Annual Rent: \$27,250.50 (for subject fields only)<sup>1</sup>**

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<sup>1</sup> Rent reopening pursuant to License section 4 was missed in 2020.

*Request to consent to sublicense under License Agreement No. LI-K1001, issued to Sunrise Capital, Inc., to Hartung Brothers Hawaii, LLC for 181.67 acres, more or less, of fields 311, 312, and 313 in Kekaha, County of Kauai, State of Hawaii, Tax Map Key (4) 1-2-002:001 (por.)*  
January 16, 2025

**BACKGROUND:**

The Board of Directors (Board) of the Agribusiness Development Corporation (ADC) approved the issuance of License Agreement No. LI-K1001 (License) to Sunrise Capital, Inc. (Sunrise) in 2009 for 433.85 gross acres, more or less, of agricultural land in Kekaha. However, due to business and operational constraints, Sunrise was never able to fully utilize or develop the Premises.

In 2019, the Board consented to Applicants' previous request to sublicense the same Premises under nearly the same terms and conditions for a 5-year term. That sublicense expired on December 31, 2024.

**REQUEST:**

That the Board consent to the Applicants' request for Sunrise to sublicense 181.67 acres, more or less, to Hartung for agricultural purposes effective January 1, 2025 – December 31, 2026. Further, that the Board authorize the executive director to memorialize the Board's consent. (Request)

**OPERATIONAL PLAN:**

Hartung's land utilization plan (attached to the sublicense) indicates that the fields will be used for growing alfalfa, corn, soy, sunflowers, pumpkins, and other diversified agriculture and supporting activities. Incidental agricultural activities may include temporary equipment and vehicle parking, employee break area, and other supporting activities.

**CONSERVATION PLAN:**

Hartung has developed an approved conservation plan for the Premises.

**CHAPTER 343:**

Under section 343-5(a), Hawaii Revised Statutes, an environmental assessment shall be required for actions, that propose, among other things, the "(1) use of state land or county lands, or the use of state or county funds[.]" In this case, the project triggers an environmental assessment because it proposes the use of state lands and the use of state funds. However, the action is exempt pursuant to ADC's Comprehensive Exemption List dated May 1, 2018, Exemption Class 10, Nos.12, 14.

**DISCUSSION:**

Notwithstanding the unrealized rent reopening in 2020, both Sunrise and Hartung are tenants in good standing with ADC. Absent the sublicense, these fields would certainly become overgrown and unusable without substantial investment. For the purposes of this sublicense request, there is no fiscal impact to ADC.

**RECOMMENDATION:**


Based on the foregoing, staff recommends that the Board:

1. Approve the Request, subject to the following conditions:


*Request to consent to sublicense under License Agreement No. LI-K1001, issued to Sunrise Capital, Inc., to Hartung Brothers Hawaii, LLC for 181.67 acres, more or less, of fields 311, 312, and 313 in Kekaha, County of Kauai, State of Hawaii, Tax Map Key (4) 1-2-002:001 (por.)*  
January 16, 2025

- a. Sunrise, or any other entity which may assume the sublicense, shall not charge any rents or common area maintenance fee assessments beyond what ADC and Kekaha Agriculture Association may assesses; and
  - b. The sublicense shall terminate on December 31, 2026.
2. Declare that, pursuant to ADC's Comprehensive Exemption List dated May 1, 2018, the proposed disposition will probably have minimal or no significant effect on the environment and is therefore exempt from the preparation of an environmental assessment, pursuant to Chapter 343, Hawaii Revised Statutes.

Respectfully Submitted,

  
\_\_\_\_\_  
LYLE ROE  
Asset Manager

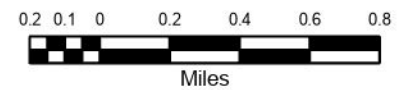
*Approved for Submittal:*

  
\_\_\_\_\_  
Wendy Gady  
Executive Director



STATE OF HAWAII  
**AGRIBUSINESS**  
DEVELOPMENT CORPORATION

ADC Fields 311 - 313  
Sunrise to Hartung Sublicense  
Request



Sources: Esri, TomTom, Garmin, FAO, NOAA, USGS, © OpenStreetMap contributors, and the GIS User Community. This work is licensed under the Esri Master License Agreement. View Summary | View Terms of Use. Export: This layer is not intended to be used to export tiles for offline. Esri, USGS This map was developed by the Agribusiness Development Corporation, State of Hawaii.



## SUB-LICENSE

Between

SUNRISE CAPITAL, INC.  
and  
HARTUNG BROTHERS HAWAII, LLC

(Under License No. LI-K1001)

THIS SUB-LICENSE AGREEMENT, made effective as of this 1<sup>st</sup> day of January 2025, by and between SUNRISE CAPITAL, INC., a Hawaii corporation, the mailing address of which is P.O. Box 1282, Kekaha, Hawaii 96752, (“SUB-LICENSOR”) and HARTUNG BROTHERS HAWAII, LLC, a Hawaii limited liability company, the mailing address of which is 7050 Kaunualii Highway, Kekaha, Hawaii 96752 (“SUB-LICENSEE”).

W I T N E S S E T H:

WHEREAS, pursuant to that certain License Agreement No. LI-K1001, by and between the AGRIBUSINESS DEVELOPMENT CORPORATION, a public body corporate and politic and an instrumentality of the State of Hawaii (“ADC”), as Licensor, and SUB-LICENSOR, as Licensee, (a short-form and memorandum of which is recorded in the Bureau of Conveyances as Document No. 2010-064567, as amended from time to time (collectively, as amended, the “License Agreement”), SUB-LICENSOR licenses from the ADC certain lands, comprising approximately 393.60 acres (“Licensed Property”), situated at Kekaha, Waimea, Kauai, being a portion of a much larger tract of land identified as “Portion of the Government Crown Land of Waimea,” and further identified by Tax Map Key (4) 1-2-002: por. 001, under Governor’s Executive Order No. 4007, as modified by Governor’s Executive Order Nos. 4034, 4165, and 4330.

WHEREAS, SUB-LICENSEE desires to sub-license from SUB-LICENSOR a portion of the Licensed Property, consisting of approximately 181.67 acres in fields 311, 312, and 313, more or less, as depicted on Exhibit “A” attached hereto (“Premises”).

WHEREAS, subject to the consent of the ADC Board of Directors, SUB-LICENSOR has agreed to sub-license the Premises to SUB-LICENSEE in accordance with the provisions of the License Agreement, this Sub-License Agreement, and Addendum thereto for the term specified herein.

NOW, THEREFORE, in consideration of the terms and conditions herein set forth, and the covenants herein contained, to be observed and performed by SUB-LICENSEE,

SUB-LICENSOR does hereby sub-license unto SUB-LICENSEE, and SUB-LICENSEE does hereby sub-license from SUB-LICENSOR, the Premises described above and depicted on Exhibit “A” attached hereto.

TOGETHER WITH all existing improvements located on the Premises as of the effective date of commencement of this Sub-License Agreement.

TOGETHER ALSO WITH the normal, reasonable, and non-exclusive use of all common areas serving or in support of the Premises covered by the License Agreement, of which the Premises are a part, including driveways, roadways and parking areas.

TO HAVE AND TO HOLD the same together with the rights, easements, privileges, and appurtenances thereunto belonging or appertaining, unto SUB-LICENSEE for a term specified in this Sub-License Agreement.

THE TERMS AND CONDITIONS upon which SUB-LICENSOR grants the aforesaid sub-license, right, and privilege are as follows:

1. **Term.** The term of this Sub-License Agreement is for two (2) years, commencing and effective as of January 1, 2025, and ending on December 31, 2026, unless this Sub-License Agreement is sooner terminated as hereinafter provided. The SUB-LICENSOR and SUB-LICENSEE acknowledge and agree that this Sub-License Agreement and the effectiveness thereof is expressly conditioned upon the ADC’s consent of this Sub-License Agreement in accordance with any applicable laws and regulations.

2. **Sub-License Rent.** SUB-LICENSEE shall pay directly when due (with appropriate written verification that such payments have been made) or reimburse SUB-LICENSOR for: (i) all rents or license fees reserved by and payable to the ADC under the License Agreement pertaining to the Premises during the term of this Sub-License Agreement; and (ii) all fees, common area maintenance charges, and/or assessments payable to the Kekaha Agriculture Association (the so-called “Coop”) with respect to the Premises during the term of this Sub-License Agreement; together with, in both such cases, all applicable gross income tax, including specifically of Hawaii State General Excise Tax, charged to or payable by SUB-LICENSOR on all sub-license fees or rents and other amounts collected or deemed collected by SUB-LICENSOR under this Sub-License Agreement. In the event the term of this Sub-License Agreement commences or terminates other than on the first day or last day of a calendar month, the applicable Sub-License rent or fee shall be prorated.

3. **Common Infrastructure Improvement Costs.** In addition to the sub-license rent, SUB-LICENSEE shall also pay its appropriate share of the costs of operating and maintaining the common infrastructure improvements including but not limited to,



any irrigation system, roadway system and sanitation facilities that serve the Premises, as well as the Licensed Property, to the extent applicable (“Common Infrastructure Improvement Costs”).

4. **Interest on Delinquent License Fees.** The interest rate on the principal amount of any and all unpaid or delinquent license fee payments shall be one percent (1%) per month, plus a service charge of FIFTY AND NO/100 DOLLARS (\$50.00) per month for each delinquent payment.

5. **Taxes, Assessments, and Utilities.** SUB-LICENSEE shall pay, if and when due, SUB-LICENSEE’s proportionate share of all taxes and similar rates, assessments, charges, and outgoings, if any, of every nature and kind whatsoever, which shall during the term of this License be lawfully charged, assessed, imposed, or become due and payable upon or in respect of the Premises and the improvements now on or hereafter erected by SUB-LICENSEE thereon.

6. **Character of Use.** SUB-LICENSEE shall not do or commit, or permit or suffer to be done, any willful or voluntary waste or destruction in and upon the Premises, any nuisance in and upon the Premises, or any unlawful or improper use of the Premises.

SUB-LICENSEE shall use the Premises solely for diversified agriculture purposes, as set forth in SUB-LICENSEE’s land utilization plan attached hereto as Exhibit “B”. SUB-LICENSEE’s use of the Premises shall be subject to any recorded covenants, conditions, and restrictions of any and all recorded encumbrances on the Premises existing as of the effective date of this Sub-License Agreement.

No livestock production operations shall be conducted on the Premises without the prior approval of SUB-LICENSOR, the ADC, and the State Department of Health.

If approved, any livestock production operations shall be operated and maintained so as not to create any public health problems or nuisance as determined by the State Department of Health or defined by any relevant law and SUB-LICENSEE shall at all times practice good husbandry.

No cesspools shall be constructed on the Premises. However, upon written approval from the State Department of Health, SUB-LICENSOR, and the ADC, SUB-LICENSEE may use alternative wastewater treatment and disposal systems which do not pose a threat to the groundwater.

No solid or liquid animal waste shall be disposed of at or on the Premises. Disposal of all solid and liquid animal waste must be by a means acceptable to the State Department of Health.

SUB-LICENSEE shall take appropriate steps to reduce the risk of any excessive soil erosion, by reason of SUB-LICENSEE's use of the Premises or otherwise, and to address any material increase in weeds or litter on the Premises.

7. **Utilization and Development of the Land.** SUB-LICENSEE shall utilize and develop the Premises in accordance with SUB-LICENSEE's plan for utilization and development, which must be approved by SUB-LICENSOR and the ADC before execution of this Sub-License Agreement and which is attached as Exhibit "B" hereto. Any material modification or deviation from SUB-LICENSEE's utilization and development plan without the prior written approval of the ADC may constitute a breach of this Sub-License Agreement, as well as breach of the License Agreement, and a cause for the termination thereof.

8. **Conservation Practices.** SUB-LICENSEE shall develop and implement a soil conservation plan in cooperation with the appropriate Soil and Water Conservation District. The conservation plan shall be submitted to the ADC for acceptance within one (1) year following the date of this Sub-License Agreement. The conservation plan shall include, but not be limited to, those practices such as land clearing, cropping system, irrigation system, drainage, noxious weed control, and other measures needed to protect the land against deterioration and to prevent environmental degradation; provided, however, that this requirement may be waived by the ADC, in writing, for premises or uses with little or no apparent conservation problems when verified by the appropriate Soil and Water Conservation District. In the event the activities of SUB-LICENSEE in this regard shall be found to be contradictory to the conservation plan or unsatisfactory to the ADC and/or SUB-LICENSOR, the ADC and/or SUB-LICENSOR shall notify SUB-LICENSEE in writing, and SUB-LICENSEE shall be required, within sixty (60) days of the delivery of said notice, to cure or correct the contradictory or unsatisfactory condition and submit proof of such cure or correction that is satisfactory to the ADC and/or SUB-LICENSOR.

9. **Sanitation.** SUB-LICENSEE shall keep the Premises and any improvements thereon in a strictly clean, sanitary, and orderly condition and shall use reasonable and prudent measures to cut, remove, or otherwise control weeds and grass, in complete conformance with applicable laws, rules, and statutes and consistent with the terms and conditions of this Sub-License Agreement.

10. **Improvements.** During the term of this Sub-License Agreement, SUB-LICENSEE shall not construct, place, maintain, or install on the Premises any building, structure, signs, or improvement, except with the prior written approval of SUB-LICENSOR and the ADC, and upon such conditions as LICENSOR and/or the ADC may impose. All buildings, structures, signs, or improvements constructed, placed, maintained, or installed pursuant to this paragraph shall be in accordance with all

applicable federal, state, and county laws, ordinances, and rules. The ownership thereof shall be in SUB-LICENSEE until the expiration or sooner termination of this Sub-License Agreement, at which time the ownership thereof shall, at the option of SUB-LICENSOR, vest in SUB-LICENSOR, at no cost to SUB-LICENSOR, or shall be removed by SUB-LICENSEE at SUB-LICENSEE's sole cost and expense.

11. **Repairs to Improvements.** SUB-LICENSEE shall, at its expense, keep, repair, and maintain all buildings, structures, and improvements now existing or hereafter constructed or installed on the Premises in good order, condition, and repair, reasonable wear and tear excepted.

12. **Involuntary Liens.** SUB-LICENSEE shall not commit or suffer any act or neglect which results in the Premises or any improvement thereon becoming subject to any involuntary attachment, lien, charge, or encumbrance, and shall indemnify, defend, and hold harmless SUB-LICENSOR and the ADC from and against all attachments, liens, charges, encumbrances, and all resulting expenses affecting the Premises.

13. **Dwelling Restrictions.** The construction or placement of any structure on the Premises for residential purposes is strictly prohibited. SUB-LICENSEE, including its agents, employees, and invitees, shall not use the Premises as a temporary or permanent residence.

14. **Non-Discrimination.** SUB-LICENSEE shall not use the Premises, nor permit the Premises to be used in support of, any policy that unlawfully discriminates against anyone based upon race, color, national origin, sex, age, or disability, or any other class as protected under applicable federal or state law. SUB-LICENSEE shall not practice any unlawful discrimination based upon race, color, national origin, sex, age, or disability, or any other class as protected under applicable federal or state law.

15. **Liability Insurance/General Requirements.** SUB-LICENSEE shall, at SUB-LICENSEE's own expense, procure and maintain during the entire term of this Sub-License Agreement, a policy or policies of commercial general liability insurance sufficient to protect SUB-LICENSEE (and SUB-LICENSOR and the ADC as additional insureds) from and against any liability for all claims for personal injury, death, and property damage which may arise out of or relate to SUB-LICENSEE's occupation and/or use of the Premises or of the exercise of SUB-LICENSEE's rights granted herein. The policy or policies shall cover the entire Premises, including all buildings, structures, improvements and grounds, and all roadways or sidewalks (if any) on or adjacent to the Premises in the control or use of SUB-LICENSEE. The minimum limit of said policy or policies shall not be less than \$500,000 for each occurrence and \$1,000,000 aggregate, with an insurance company or companies licensed to do business in the State of Hawaii. Except for the payment of Common Infrastructure Improvement Costs allocated to SUB-LICENSEE as provided in Paragraph 3 of the Sub-License Agreement, SUB-LICENSEE shall have no obligation under this Sub-License

Agreement to procure or maintain any commercial general liability insurance with respect to any activities of the ADC or any other entity which has control from time to time over any of the common infrastructure improvements relating to the operation thereof.

SUB-LICENSEE, prior to entry and use of the Premises or within fifteen (15) days from the effective date of this Sub-License Agreement, whichever is sooner, shall furnish SUB-LICENSOR and the ADC with the certificate(s) showing the policy(ies) to be initially in force, shall keep the certificate(s) on deposit during the entire term of the Sub-License Agreement, and shall furnish like certificate(s) upon each renewal of the policy(ies). The certificate(s) for such insurance shall contain or be accompanied by an assurance of the insurer not to cancel the coverage, limit the scope of the coverage, or fail or refuse to renew the policy(ies) until after thirty (30) days' written notice has been given to SUB-LICENSOR and the ADC, except that, in the event this Sub-License Agreement is terminated, said coverage may be terminated on the same date as the termination of the Sub-License Agreement. The policy(ies) shall name SUB-LICENSOR and the ADC as additional insureds.

SUB-LICENSOR and the ADC shall retain the right at any time to review the coverage, form, and amount of the insurance coverage required by this Sub-License Agreement. If, in the opinion of SUB-LICENSOR and/or the ADC, the insurance provisions in this Sub-License do not provide adequate protection for the SUB-LICENSOR and/or the ADC, SUB-LICENSOR and/or the ADC may require SUB-LICENSEE to obtain insurance sufficient in coverage, form, and amount to provide adequate protection. SUB-LICENSOR's and the ADCs requirements shall be reasonable and shall be designed to assure protection for and against the kind and extent of the risks which exist at the time a change in insurance is required. SUB-LICENSOR and/or the ADC shall notify SUB-LICENSEE in writing of changes in the insurance requirements and SUB-LICENSEE shall deposit copies of the acceptable insurance policy(ies) or certificate(s) thereof with SUB-LICENSOR and the ADC incorporating the required changes within thirty (30) days of SUB-LICENSEE's receipt of the notice from SUB-LICENSOR and/or the ADC requiring the same. The policy(ies) shall also provide that all rights or claims of subrogation against SUB-LICENSOR, the ADC, and the State of Hawaii, its officers, employee and agents, are waived.

Procurement of the required policy(ies) of insurance shall not be construed to limit SUB-LICENSEE's liability under this Sub-License Agreement. Notwithstanding the policy(ies) of insurance, SUB-LICENSEE shall be obligated for the full and total amount of any damage, injury, or loss caused by SUB-LICENSEE's negligence or neglect connected with this Sub-License Agreement (and/or caused by any of SUB-LICENSEE's agents, employees, invitees, and sub-sub-licensees).

**16. Property Insurance.** At all times during the term of this Sub-License Agreement, SUB-LICENSEE shall at its own cost and expense keep any and all

improvements located on the Premises insured against loss or damage by fire and other hazards, casualties, and contingencies for the full insurable value of those improvements. The policy shall name SUB-LICENSOR and the ADC as an additional insured.

SUB-LICENSEE shall furnish SUB-LICENSOR and the ADC, on or before the commencement date of this Sub-License Agreement, a certificate showing such policy(ies) to be in full force and effect and shall furnish a like certificate upon each renewal of the policy(ies). Each certificate shall contain or be accompanied by an assurance of the insurer not to cancel the coverage or fail or refuse to renew the policy(ies) until after thirty (30) days' written notice has been given to SUB-LICENSOR and the ADC, except that, in the event this Sub-License Agreement is terminated, said coverage may be terminated on the same date as the termination of the Sub-License Agreement. The policy(ies) shall also provide that all rights or claims of subrogation against SUB-LICENSOR, the ADC, and the State of Hawaii, its officers, employee and agents, are waived.

17. **Indemnification.** SUB-LICENSEE shall, at all times, indemnify and save, protect and hold harmless SUB-LICENSOR and the ADC from every and all cost, expenses, loss, liability, expense, penalty, and fine whatsoever, including legal fees, which may arise from or be claimed against SUB-LICENSOR and/or the ADC by any person or persons for property damage, personal injury and wrongful death, or damage of whatever kind or character suffered or sustained on the Premises, and/or consequent upon or arising from the use or occupancy of said Premises by SUB-LICENSEE, and/or consequent upon or arising from any neglect or fault of SUB-LICENSEE or SUB-LICENSEE's agents, employees, invitees, and/or sub-sub-licensees in the use and occupancy of said Premises, and/or consequent upon or arising from any failure by SUB-LICENSEE to comply with and conform to all laws, statutes, ordinances, and regulations of the United States of America, the State of Hawaii, or the County of Kauai, now and hereafter in force and applicable to the use and occupancy of the Premises; and, in case SUB-LICENSOR and/or the ADC shall without any fault be made a party to a suit or proceeding on account of any alleged violation of said applicable laws, statutes, ordinances and regulations, or failure to comply therewith and conform thereto, or on account of any damage, omission, neglect, or use of said premises by SUB-LICENSEE or SUB-LICENSEE's agents, employees, invitees, and sub-sub-licensees, SUB-LICENSEE will defend the same and will pay any final judgment which may be recovered against SUB-LICENSOR and/or the ADC or against the premises on account thereof.

18. **Default.** If (a) SUB-LICENSEE shall fail timely to pay any sub-license fees or rent or other amounts specified in this Sub-License Agreement, or (b) if SUB-LICENSEE shall breach any other condition of this Sub-License Agreement or the License Agreement, as amended, or (c) if SUB-LICENSEE shall engage in any construction on the Premises without the prior written approval of SUB-LICENSOR and

the ADC, or (d) if SUB-LICENSEE shall permit any mechanics' or materialmen's liens to attach to the Premises, or (e) if there shall be an assignment or sub-license of this Sub-License Agreement or the Premises or any portion thereof or interest therein without the prior written consent of SUB-LICENSOR and the ADC, or (f) except as prohibited by applicable law, if SUB-LICENSEE shall become insolvent, or shall make an assignment for the benefit of creditors, or shall admit in writing any inability to pay its debts as they become due, or shall be the subject of a voluntary or involuntary petition in bankruptcy, or shall be adjudicated a bankrupt or insolvent, or (g) if SUB-LICENSEE shall abandon and vacate the Premises, then, in any such event, SUB-LICENSOR shall have the immediate right to terminate this Sub-License Agreement, to re-enter and remove all persons and property from the Premises, all without service of notice or resort to legal process, and without being deemed guilty of trespass or becoming liable for any loss or damage which may be occasioned thereby.

19. **No Assignment, Etc.** SUB-LICENSEE will not, without the prior written consent of SUB-LICENSOR and the ADC, assign or mortgage this Sub-License Agreement or any interest therein nor sub-license or lease the whole or any portion of the Premises; and, if the Sub-License Agreement is assigned or the Premises are sub-licensed with such consent of the ADC, no such assignment or sub-licensing shall release SUB-LICENSEE from any of its obligations under this Sub-License Agreement nor be deemed to constitute a waiver of any rights of SUB-LICENSOR and/or the ADC hereunder or any rights of the ADC under the License Agreement.

20. **No Effect on License Agreement.** This Sub-License Agreement and the Addendum attached hereto shall not release SUB-LICENSOR from any of its obligations under the License Agreement nor be deemed to constitute a waiver of any rights of the ADC under the License Agreement. Should there be any conflict between the terms of the License Agreement and the terms of the Sub-License Agreement and the Addendum, the License Agreement shall control.

21. **Inspection of Premises.** SUB-LICENSEE shall permit SUB-LICENSOR, the ADC, and their agents or representatives, at all reasonable times during the term, to enter the Premises and examine the state of repair and condition thereof and the improvements, equipment, chattels, books, and records of SUB-LICENSEE in connection with the administration of this Sub-License Agreement.

22. **Encumbrances.** This Sub-License Agreement is subject to all existing recorded and unrecorded encumbrances. At any time during the term of this Sub-License Agreement, the ADC may create easements and encumbrances upon the Premises in addition to any easements and encumbrances which currently affect the Premises, provided that any such new easements or encumbrances do not unreasonably restrict or interfere with SUB-LICENSEE's use of the Premises.

23. **Compliance with Laws.** SUB-LICENSEE shall comply with the requirements of all federal, state, and county authorities and observe all federal, state, and county laws, ordinances, and rules pertaining to the Premises which are now in force or later may be in force.

24. **Environmental Regulations.** SUB-LICENSEE shall comply with all applicable federal, state, and county environmental impact regulations, including but not limited to Chapter 343, Hawaii Revised Statutes, as amended, and rules governing historic preservation. SUB-LICENSEE shall be responsible for obtaining all necessary federal, state, or county clearances.

25. **Hazardous Materials.** Any environmental issue occurring on Premises after the date of this Sub-License Agreement shall be the responsibility of SUB-LICENSEE.

- a. During the term of this Sub-License Agreement, SUB-LICENSEE shall not cause or permit the escape, disposal, or release of any hazardous materials, except as permitted by law. SUB-LICENSEE shall not allow the storage or use of such materials in any manner not sanctioned by law or by the highest standards prevailing in the industry for the storage and use of such materials, nor allow to be brought onto the Premises any such materials except to use in the ordinary course of SUB-LICENSEE's business, and then only after written notice is given to SUB-LICENSOR and the ADC of the identity of such materials and upon SUB-LICENSOR and the ADC's written consent, which consent may be withheld at their sole and absolute discretion. SUB-LICENSOR and/or the ADC may, upon reasonable request and for reasonable cause, require testing of the Premises to ascertain whether or not there has been any release of hazardous materials by SUB-LICENSEE. In the event that the results of such testing establish that there has been a release of hazardous materials on the Premises by SUB-LICENSEE, SUB-LICENSEE shall, in addition to any other obligations hereunder, be responsible for the cost of such testing.

SUB-LICENSEE shall execute affidavits, representations, and the like from time to time at SUB-LICENSOR and/or the ADC's request concerning SUB-LICENSEE's best knowledge and belief regarding the presence of hazardous materials on the Premises placed or released by SUB-LICENSEE. If SUB-LICENSEE at any time becomes aware of any past, present, or contemplated hazardous discharge or of any hazardous materials claims with respect to the Premises (other than those already disclosed in the BV Report) which could subject the ADC, SUB-LICENSOR, SUB-LICENSEE, or the Premises to any liability or restrictions on ownership,

occupancy, transferability, or use of the Premises under any hazardous materials laws, SUB-LICENSEE shall immediately notify the ADC and SUB-LICENSOR thereof in writing and provide to the ADC and SUB-LICENSOR such detailed reports thereof as may be reasonably requested. The ADC and SUB-LICENSOR shall have the right, in their sole discretion, to join and participate in, any settlements, remedial actions, or legal proceedings or actions initiated with respect to any hazardous materials claims.

- b. SUB-LICENSEE shall be responsible for and shall indemnify, defend, and hold harmless SUB-LICENSOR, the ADC, and their employees, agents, successors, and assigns from and against any loss, damage, cost, expense, or liability directly or indirectly arising out of or attributable to the generation, manufacture, treatment, handling, refining, production, processing, storage, release, threatened release, discharge, disposal, or presence of hazardous materials occurring on, under, or about the Premises during the term of this Sub-License Agreement, including, without limitation: (1) all foreseeable and unforeseeable consequential damages; (2) the costs of any required or necessary repair, clean-up, or detoxification of the Premises and of the preparation and implementation of any closure, remedial, or other required plans; (3) the costs of the ADC and/or SUB-LICENSOR's investigation and handling of any hazardous materials claims, whether or not any lawsuit or other formal legal proceeding shall have been commenced with respect thereto; (4) the costs of the ADC and/or SUB-LICENSOR's enforcement of this covenant, whether or not a lawsuit is brought therefore; and (5) all reasonable costs and expenses incurred by the ADC and/or SUB-LICENSOR in connection with clauses (1), (2), (3), and (4) including, without limitation, reasonable attorney's fees.
- c. The provisions of this paragraph shall survive the expiration or earlier termination of this Sub-License Agreement.

26. **Commercial Operations.** SUB-LICENSEE, its employees, customers, guests, agents, and/or invitees shall not display or offer for sale or sell any article(s) or merchandise whatsoever within the Premises without the prior written approval of SUB-LICENSOR and the ADC and upon such terms and conditions established by SUB-LICENSOR and/or the ADC.

27. **Abandoned Vehicles.** SUB-LICENSEE shall take all steps necessary to prevent the placing or storing of abandoned vehicles within the Premises. Any and all abandoned vehicles within the Premises shall be removed by SUB-LICENSEE at SUB-LICENSEE's cost and expense.



28. **Removal of Trash.** SUB-LICENSEE shall be responsible for the removal of all illegally dumped trash within the Premises at SUB-LICENSEE's cost and expense.

29. **Prehistoric and Historic Remains.** In the event any unanticipated historic, prehistoric, or archaeological sites or remains, such as shell, bone, or charcoal deposits, human burials, rock or coral alignments, pavings, or walls are found on the Premises, SUB-LICENSEE and SUB-LICENSEE's agents, employees, and representatives shall immediately stop all land utilization and/or work and contact the Historic Preservation Office in compliance with Chapter 6E, Hawaii Revised Statutes, and shall notify SUB-LICENSOR and the ADC of these events.

30. **No Profit.** Subject to Section 10 of the License Agreement, SUB-LICENSOR acknowledges and agrees that profit on any sub-license charges hereunder, including, without limitation, all rents and fees due under paragraphs 2 and 3 above, are neither allowed, nor shall be sought by SUB-LICENSOR.

31. **Notices.** Any notice or demand required under this Sub-License Agreement shall be in writing and be given or made by mailing the same by certified mail, return receipt requested, addressed to the other party at its place of business. Any notice given hereunder shall be deemed delivered as of the date shown on the return receipt as being the delivery date.

*[The remainder of this page intentionally left blank. Signature page follows.]*

**THIS SUB-LICENSE AGREEMENT IS SUBJECT TO THE PROVISIONS OF THE ADDENDUM ATTACHED HERETO, WHICH MODIFIES CERTAIN OF THE FOREGOING PROVISIONS OF THE SUB-LICENSE AGREEMENT. IN CASE OF ANY CONFLICT BETWEEN THE FOREGOING PROVISIONS AND THE PROVISIONS OF THE ADDENDUM, THE PROVISIONS OF THE ADDENDUM SHALL BE CONTROLLING.**

IN WITNESS WHEREOF, the SUB-LICENSOR and SUB-LICENSEE have caused this Sub-License Agreement to be executed on the date first above written.

SUNRISE CAPITAL, INC.,  
a Hawaii corporation

By: \_\_\_\_\_  
Name: David Danson  
Its: President

“Sub-Licensor”

HARTUNG BROTHERS HAWAII, LLC,  
a Hawaii limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

“Sub-Licensee”

ADDENDUM TO  
SUB-LICENSE BETWEEN  
SUNRISE CAPITAL, INC.  
AND  
HARTUNG BROTHERS HAWAII, LLC  
(Under License No. LI-K1001)

The foregoing Sub-License Agreement and the provisions thereof shall be subject to the following provisions of this Addendum, and, in the event of any conflict between the foregoing terms of the Sub-License Agreement and this Addendum, the provisions of this Addendum shall be controlling. Unless otherwise specified, any capitalized terms used in this Addendum shall have the same respective meanings given to such capitalized terms in the Sub-License Agreement.

1. Term; Termination Rights. Notwithstanding the Term of this Sub-License Agreement as set forth in paragraph 1, either party may terminate this Sub-License Agreement, in whole or in respect of any one or more Fields, upon one hundred eighty (180) days prior written notice (in which event the reversion of the Property to SUB-LICENSOR shall be the effective date of such termination). Upon the sooner of the expiration of the Term, or termination of the Sub-License Agreement pursuant hereto or by default of SUB-LICENSEE, all rights in and to the Premises shall revert to SUB-LICENSOR, and SUB-LICENSEE shall have no further right to use or occupy the Premises.

2. Rights in Seeds and Crops. SUB-LICENSEE's seed and the crop produced therefrom belongs at all times to SUB-LICENSEE, and neither SUB-LICENSOR, ADC, nor anyone else shall have any right or title to such seed or the plants and pollen produced from the seed or the crop produced therefrom. No crops will be planted on the Premises which cannot reasonably be expected to be harvested by the expiration of the Term or the sooner known termination of the Sub-License Agreement.

3. No Representations. SUB-LICENSEE agrees that, except as otherwise set forth herein, SUB-LICENSOR and ADC have made no representations or warranties of any kind regarding the condition, suitability for any purpose, or state of title to the Premises. SUB-LICENSEE has acquired its rights to use the Premises "As-Is", except as specifically set forth herein. As of the commencement date, SUB-LICENSOR warrants that to the best of its knowledge, the Premises are not environmentally contaminated in any manner and that the property surrounding Premises is not environmentally contaminated in such a manner as to cause the Premises to be also deemed contaminated.

4. Pre-Existing Conditions. Except as otherwise set forth in the Sub-License Agreement and this Addendum, SUB-LICENSEE accepts the Premises "As-Is", and neither

SUB-LICENSEE, SUB-LICENSOR, nor ADC shall be responsible or liable for any pre-existing conditions, liabilities, or restrictions on or affecting the Premises. SUB-LICENSEE acknowledges a thirty-foot height limit on structures imposed by the United States Navy.

5. Improvement and Restoration of the Premises. SUB-LICENSEE shall have the right to use any improvements existing on the Premises as of the date hereof, but shall not construct any additional improvements or make any additions or alterations to existing improvements without SUB-LICENSOR's (and where required ADC's) prior written consent. Prior to the expiration or sooner termination of the Sub-License Agreement, if requested by SUB-LICENSOR in writing, SUB-LICENSEE shall remove any structures which it placed on the Premises and shall fill in and restore the ground to the level and condition the Premises was in prior to the commencement of this Sub-License Agreement and SUB-LICENSEE's occupancy of the Premises.

6. Dispute Resolution. This Sub-License Agreement shall be governed by and construed in accordance with the laws of the State of Hawaii. Any disputes arising under this Sub-License Agreement shall be resolved in the courts of the State of Hawaii. The prevailing party in any such dispute shall be entitled to recover, in addition to any other damages or relief rewarded, its reasonably incurred attorneys' fees and costs.

*[The remainder of this page intentionally left blank.]*

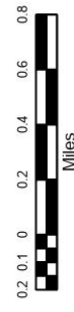
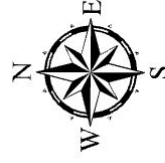
EXHIBIT "A"

[ To be attached. ]



STATE OF HAWAII  
**AGRIBUSINESS**  
 DEVELOPMENT CORPORATION

ADC Fields 311 - 313  
 Sunrise to Hartung Sublicense  
 Request



Source: Esri, TomTom, Garmin, FAO, NOAA, USGS, © OpenStreetMap contributors, and the GIS User Community. This work is licensed under the Creative Commons Attribution-NonCommercial-ShareAlike license. UseE!Sport. This layer is not intended to be used to export files for offline. Esri, USGS. This map was developed by the Agribusiness Development Corporation, State of Hawaii.



EXHIBIT “B”

[ To be attached. ]

Hartung Brothers Inc. Land Utilization Plan  
 License: LI-K1001  
 Sublicensee: Hartung Brothers Hawaii LLC

1/1/2025

Field / Building	Total Area	Area in Use	By Whom	Type of Crop(s)	Land Use Timeline	Other Comments
Fields 311, 312, 313	181.67ac	181.67ac	Hartung Brothers Inc	Alfalfa, Corn, Soy, Sunflowers, Pumpkins, other diversified agriculture and supporting activities	In use	Equipment & Vehicle Parking, Employee Break Area, Other Supporting Activities



STATE OF HAWAII  
**AGRIBUSINESS DEVELOPMENT  
CORPORATION**

**E-4**

STAFF SUBMITTAL TO THE BOARD OF DIRECTORS  
January 16, 2025

**Subject:** Request for Board determination of the amount of rent increase retroactive to rent reopening date under former Hawaii Department of Agriculture, Kekaha Agricultural Park Lease Nos. S-8001, S-8002, S-8005, S-8008, S-8012, S-8013, S-8017, and S-8020

**Applicant:** Sunrise Capital, Inc.

**Authority:** Sections 163D-4(a)(5), Hawaii Revised Statutes

**Area:** Approximate gross acres: S-8001, 82.949 acres; S-8002, 13.726 acres; S-8005, 9.954 acres; S-8008, 8.113 acres; S-8012, 5.465 acres; S-8013, 5.976 acres; S-8017, 9.447 acres; and S-8020, 10.014 acres

**Field No(s):** Lots 1 – 19 (excluding Lots 3 & 4)

**Tax Map Key:** (4) 1-2-016:001; :002; :005; :006; :007; :008; :009; :010; :011; :012; :013; :014; :015; :016; :017; :018; :019 (Property)

**Land Status:** Set aside to the Agribusiness Development Corporation by Governor’s Executive Order No. 4660 for Agricultural and Related Purposes

**Trust Land Status:** Section 5(b) lands of the Hawaii Admission Act  
Yes  No   
DHHL 30% entitlement lands pursuant to the Hawaii State Constitution?  
Yes  No

**Zoning:** SLUD: Agricultural  
CZO: Agricultural

**Character of Use:** Aquaculture

**Land Doc. Type:** Lease

**Term:** Various (35 – 45 years)

**Rental Rate** \$150 per acre, per year

*Request for Board determination of the amount of rent increase retroactive to rent reopening date under former Hawaii Department of Agriculture, Kekaha Agricultural Park Lease Nos. S-8001, S-8002, S-8005, S-8008, S-8012, S-8013, S-8017, & S-8020*

January 16, 2025

**BACKGROUND:**

On August 20, 2024, the Agribusiness Development Corporation (ADC) Board of Directors (Board) authorized Sunrise Capital, Inc. to assign former Hawaii Department of Agriculture (HDOA) Kekaha Agricultural Park (Ag Park) Lease Nos. S-8001, S-8002, S-8005, S-8008, S-8012, S-8013, S-8017, and S-8020 to Aloun Kauai Farming LLC, effective as of the closing date of the asset purchase agreement, which is currently set for January 31, 2025.

The terms of the Ag Park leases, the beginning and current rent amount, and the scheduled dates for rent reopening by appraisal are as follows:

S-8001: Term: 45 years, January 1, 1998 to December 31, 2043 [pls. note that 45 years from January 1, 1998 would be December 31, 2042].  
Gross Acres: 82.949 acres.  
Beginning Rent: \$150 per acre, per year.  
Rent Reopening: Expiration of 15<sup>th</sup> year (2012), 25<sup>th</sup> year (**2022**), and 35<sup>th</sup> year (2032).  
Current Rent: \$150 per acre, per year.

S-8002: Term: 41 years and 11 months, February 1, 2001 to December 31, 2042.  
Gross Acres: 13.726 acres.  
Beginning Rent: For years 1 to 10 and 11 months, \$2,800 per year.  
Rent Reopening: At expiration of December 31, 2012, **December 31, 2022**, and December 31, 2032.  
Current Rent: \$150 per acre, per year.

S-8005: Term: 45 years, August 1, 1998 to July 31, 2043.  
Gross Acres: 9.954 acres.  
Beginning Rent: \$150 per acre, per year.  
Rent Reopening: Expiration of 15<sup>th</sup> year (2013), 25<sup>th</sup> year (**2023**), and 35<sup>th</sup> year (2033).  
Current Rent: \$150 per acre, per year.

S-8008: Term: 45 years, August 1, 1997 to July 31, 2042.  
Gross Acres: 8.113 acres.  
Beginning Rent: \$150 per acre, per year.  
Rent Reopening: Expiration of 15<sup>th</sup> year (2012), 25<sup>th</sup> year (**2022**), and 35<sup>th</sup> year (2032).  
Current Rent: \$150 per acre, per year.

S-8012: Term: 45 years, January 1, 1998 to December 31, 2042.  
Gross Acres: 5.465 acres.  
Beginning Rent: \$150 per acre, per year.  
Rent Reopening: Expiration of 15<sup>th</sup> year (2012), 25<sup>th</sup> year (**2022**), and 35<sup>th</sup> year (2032).  
Current Rent: \$150 per acre, per year.

S-8013: Term: 42 years and 4 months, August 1, 2000 to December 31, 2042 [pls. note that August 1, 2000 to December 31, 2042 is 42 years and 5 months].  
Gross Acres: 5.976 acres.  
Beginning Rent: For years 1 to 12 and 4 months (should be 5 months), \$1,417.05 per

*Request for Board determination of the amount of rent increase retroactive to rent reopening date under former Hawaii Department of Agriculture, Kekaha Agricultural Park Lease Nos. S-8001, S-8002, S-8005, S-8008, S-8012, S-8013, S-8017, & S-8020*

January 16, 2025

year.

Rent Reopening: Expiration of December 31, 2012, **December 31, 2022**, and December 31, 2032.

Current Rent: \$150 per acre, per year.

S-8017: Term: 42 years and 4 months, August 1, 2000 to December 31, 2042 [pls. note that August 1, 2000 to December 31, 2042 is 42 years and 5 months].

Gross Acres: 9.447 acres

Beginning Rent: For years 1 to 12 and 4 months (should be 5 months), \$1,417.05 per year.

Rent Reopening: Expiration of December 31, 2012, **December 31, 2022**, and December 31, 2032.

Current Rent: \$150 per acre, per year

S-8020: Term: 37 years and 4 months, October 1, 2006 to December 31, 2043 [pls. note that October 1, 2006 to December 31, 2043 is 37 years and 3 months].

Gross Acres: 10.014 acres

Beginning Rent: Years 1 to 5 [written words say \$2,040; numbers say \$2,140 per year]

Rent Reopening: Expiration of December 31, 2012, **December 31, 2022**, & December 31, 2032.

Current Rent: \$150 per acre, per year

The rent reopening by appraisal scheduled for August 1, 2022 (S-8008), January 1, 2023 (S-8001, S-8002, S-8012, S-8013, S-8017, and S-8020), and August 1, 2023 (S-8005), did not occur. Sunrise Capital, Inc. has agreed to pay any rent increase retroactive to the reopening date. The Board approved the assignment of Sunrise Capital Inc.'s leases/licenses to Aloun Kauai Farming LLC on that basis.

At the August 20, 2024 Board meeting, when the assignment of Sunrise Capital, Inc.'s leases/licenses were approved, the Board reserved the right to decide the method of determining the rent increase. Specifically, whether the rent reopening for Sunrise Capital, Inc. be determined by appraisal, by use of the ADC Policies and Procedures Manual, or some other method. Additionally, the Board reserved the right to approve the amount of rent Aloun Kauai Farms LLC would assume by assignment of the leases/licenses from Sunrise Capital, Inc.

The HDOA Ag Park leases provide for rent reopening by appraisal. However, effective November 2, 2022, the Board adopted the Land Management Policy & Procedure Manual that authorized a rent reopening escalator of 2.5%:

#### “4.4 License Re-opening

In general, it shall be the policy of ADC to issue Licenses with re-opening clauses for the purpose of adjusting the rental rate, every five years with an escalator of 2.5% of current rent. Exceptions may be made with appropriate justification and approval by the ADC Board.”

*Request for Board determination of the amount of rent increase retroactive to rent reopening date under former Hawaii Department of Agriculture, Kekaha Agricultural Park Lease Nos. S-8001, S-8002, S-8005, S-8008, S-8012, S-8013, S-8017, & S-8020*

January 16, 2025

See page 10 of the November 2, 2022 “Land Management Policy & Procedure Manual.”

REQUEST:

Staff requests that the Board approve a standard 2.5% rent increase for the leases effective as of the last reopening date for each lease. Further, request that the Board require Sunrise to pay retro to reopening date, and require Aloun Kauai Farming LLC to pay the same rent once the leases are assumed.

OPERATIONAL PLAN:

N/A

CONSERVATION PLAN:

N/A

CHAPTER 343 – ENVIRONMENTAL ASSESSMENT COMPLIANCE:

The administrative actions contained in this submittal does not trigger an environmental assessment.

REMARKS & DISCUSSION:

Some ADC leases and licenses contain provisions for rent reopenings to be determined by appraisal. However, oftentimes the amount of increase is not sufficient to cover even the expense of the appraisal. As such, staff recommend a static increase pursuant to the above-referenced policy.

RECOMMENDATION:

Based on the foregoing, it is recommended that the Board:

1. Approve the Request, subject to the following conditions:

- (a) Rent increase as follows:

S-8001: New Rent: \$153.75 per acre, per year, effective January 1, 2023.

S-8002: New Rent: \$153.75 per acre, per year, effective January 1, 2023.

S-8005: New Rent: \$153.75 per acre, per year, effective August 1, 2023.

S-8008: New Rent: \$153.75 per acre, per year, effective August 1, 2022.

S-8012: New Rent: \$153.75 per acre, per year, effective January 1, 2023.

S-8013: New Rent: \$153.75 per acre, per year, effective January 1, 2023.

S-8017: New Rent: \$153.75 per acre, per year, effective January 1, 2023.

S-8020: New Rent: \$153.75 per acre, per year, effective January 1, 2023.

*Request for Board determination of the amount of rent increase retroactive to rent reopening date under former Hawaii Department of Agriculture, Kekaha Agricultural Park Lease Nos. S-8001, S-8002, S-8005, S-8008, S-8012, S-8013, S-8017, & S-8020*

January 16, 2025

(b) Same rent shall apply to Aloun Kauai Farming LLC when leases/licenses are assumed.

Respectfully Submitted,



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For Francis A. Empeno, Jr.  
Contract Manager

*Approved for Submittal:*



---

Wendy Gady  
Executive Director

STATE OF HAWAII  
**AGRIBUSINESS DEVELOPMENT CORPORATION**

**E-7**

STAFF SUBMITTAL TO THE BOARD OF DIRECTORS  
January 16, 2025

Subject: Request to consent to the transfer of the Mililani Technology Park (phase 2 portion) from the Hawaii Technology Development Corporation for lands in Mililani, City & County of Honolulu, State of Hawaii, Tax Map Key Nos. (1) 9-5-002:057; :039; 9-5-046:010

Applicant: Agribusiness Development Corporation (ADC)

Authority: 163D-4(a)(6), Hawaii Revised Statutes

Area: 244.98 gross acres, more or less  
Parcel 57 (150.41 ac); Parcel 39 (93.57 ac); Parcel 10 (1.00 ac)

Field No(s): Non-designated

Tax Map Key: (1) 9-5-002:057; :039; 9-5-046:010 (Property) (Exhibit "A")

Land Status: Acquired in fee by the Hawaii Technology Development Corporation (HTDC)

Trust Land Status: Section \_\_\_ lands of the Hawaii Admission Act  
Yes  No   
DHHL 30% entitlement lands pursuant to the Hawaii State Constitution?  
Yes  No

Zoning: SLUD: Parcel 57 (Urban); Parcel 39 (Agricultural); Parcel 10 (Agricultural)  
CZO: Parcel 57 (AG-1); Parcel 39 (AG-1); Parcel 10 (AG-1)

Anticipated Character of Use: Agricultural, Commercial, Industrial (anticipated)

Land Doc. Type: N/A

Term: N/A

Rental Rate: N/A

**BACKGROUND:**

The Mililani Technology Park is currently owned by HTDC. The subject Property (a portion of the larger Mililani Technology Park) was originally anticipated to be a multi-agency/multi-jurisdictional law enforcement training site, however, that proposal never came to fruition. At their [meeting on December 20, 2024](#), the HTDC board approved the transfer of the Property to ADC (as of this writing, meeting minutes are not yet available).

**REQUEST:**

That the Board consent to the transfer of the Mililani Technology Park phase 2 lands from the Hawaii Technology Development Corporation to the Agribusiness Development Corporation for eventual development as an agribusiness-industrial park (Request).

**OPERATIONAL PLAN:**

See Exhibit “B” (Business Plan: Development of a 150-Acre Industrial Park in Hawaii)

**CONSERVATION PLAN:**

N/A

**CHAPTER 343:**

Under section 343-5(a), Hawaii Revised Statutes, an environmental assessment shall be required for actions, that propose, among other things, the “(1) use of state land or county lands, or the use of state or county funds[.]” This request involves the use of state lands. However, this request/action is de minimis and will probably have minimal or no significant effect on the environment and is therefore exempt from the preparation of an environmental assessment.

Staff notes that a project as extensive as the development of an industrial park will certainly be subject to the Hawaii Environmental Review Process. However, this action and exemption determination addresses solely the acquisition of the Property.

**DISCUSSION:**

ADC has been advised that there are land use issues associated with the Property which will take some time and effort to resolve. However, staff believes that the acquisition of the Property is aligned with ADC’s mission and will benefit our long-term plans, including commercial rents to supplement ADC’s budget.


**RECOMMENDATION:**

Based on the foregoing, staff recommends that the Board:


1. Approve the Request; and
2. Declare that this action is de minimis and will have minimal or no significant effect on the environment and is therefore exempt from the preparation of an environmental assessment.

Respectfully Submitted,

*Request to consent to the transfer of the Mililani Technology Park (phase 2 portion) from the Hawaii Technology Development Corporation for lands in Mililani, City & County of Honolulu, State of Hawaii, Tax Map Key Nos. (1) 9-5-002:057; :039; 9-5-046:010*  
January 16, 2025

  
\_\_\_\_\_  
LYLE ROE  
Asset Manager

*Approved for Submittal:*

  
\_\_\_\_\_  
Wendy Gady  
Executive Director

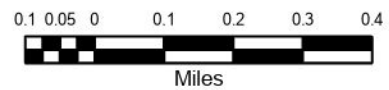




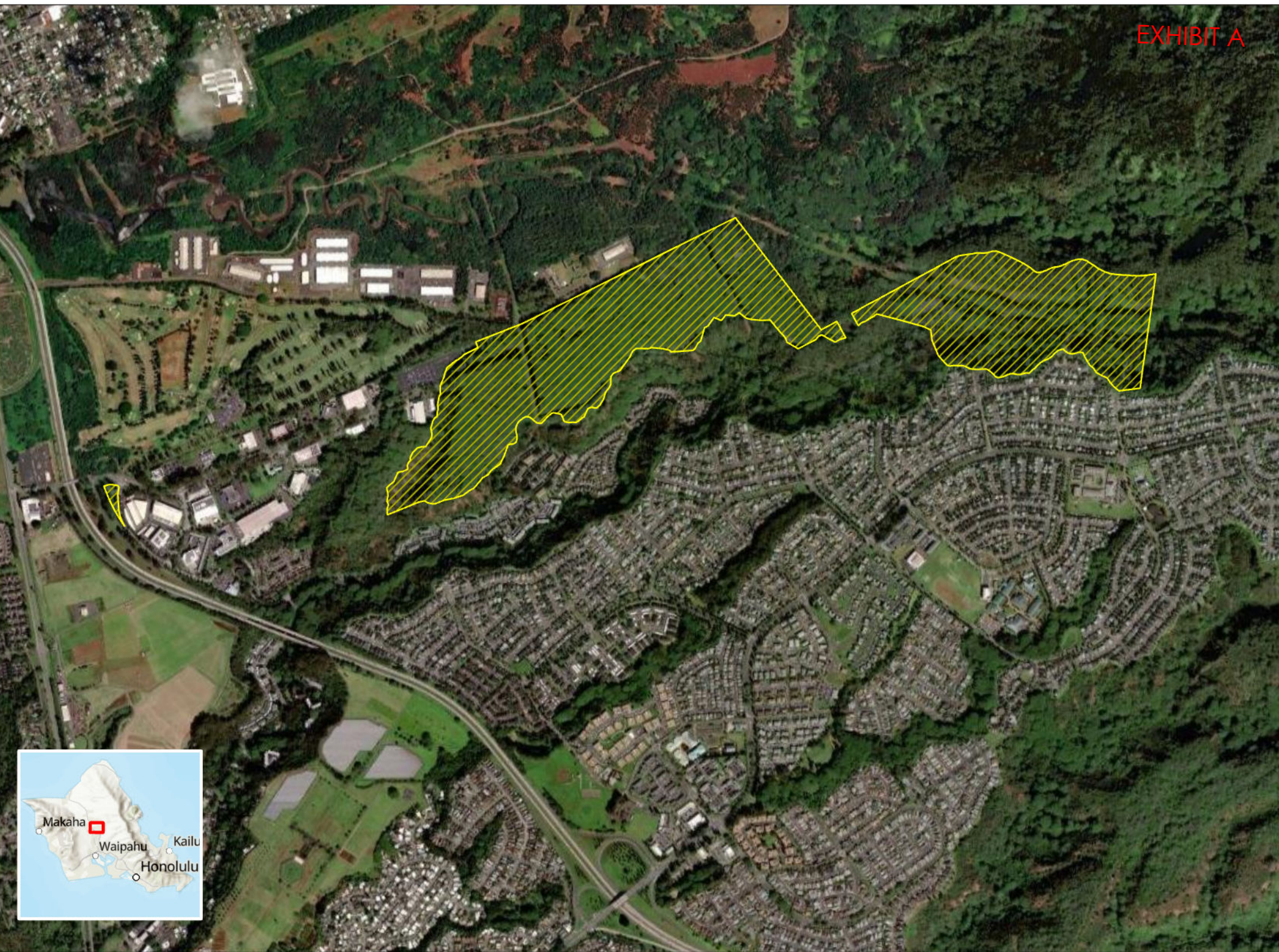
STATE OF HAWAII  
**AGRIBUSINESS**  
DEVELOPMENT CORPORATION

Hawaii Technology Development Corporation Property; TMK Nos.

- (1) 9-5-002:057
- (1) 9-5-002:039
- (1) 9-5-046:010



Sources: Esri, TomTom, Garmin, FAO, NOAA, USGS, © OpenStreetMap contributors, and the GIS User Community. This work is licensed under the Esri Master License Agreement. View Summary | View Terms of Use/Export. This layer is not intended to be used to export tiles for offline use. Esri, USGS This map was developed by the Agribusiness Development Corporation, State of Hawaii.



## Business Plan: Development of a 150-Acre Industrial Park in Hawaii

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### Executive Summary

The proposed project aims to develop a 150-acre industrial park in Hawaii to address the growing demand for industrial, commercial, and agribusiness spaces. The land has already been acquired but requires extensive infrastructure development. This park will cater to logistics, manufacturing, renewable energy, and agribusiness technology companies by providing tailored industrial units, cold and dry storage, and office spaces. With a phased approach, profitability is projected by Year 3, ensuring long-term viability. The total development cost is \$135 million, with funding sourced through equity investments, commercial loans, and government incentives.

#### Key Highlights:

- Project Cost: \$135 million
  - Revenue Projections: \$10.65 million annually by Year 5
  - Economic Impact: 1,200 jobs created and an annual economic contribution of ~\$25.65 million by Year 5
- 

### 1. Business Description

Project Name: ADC Agribusiness Park

Location: Mililani, Oahu

Objective: Develop a serviced industrial park meeting Hawaii's demand for industrial and commercial space.

#### Key Features:

- Industrial units tailored to tenants' needs
  - Utilities: roads, water, sewer, electricity, broadband
  - Cold and dry storage facilities for agribusiness
  - Office spaces for agribusiness technology firms
- 

### 2. Market Analysis

#### Target Market:

- Logistics and distribution companies
- Agribusinesses (cold and dry storage)
- Renewable energy firms

- Technology firms and data centers

Market Demand:

- Growing need for industrial space due to economic growth
- Shortage of suitable properties in Hawaii

Competitive Advantage:

- Proximity to ports, highways, and airports
- Flexible leasing terms and build-to-suit options

### 3. Development Plan

Phase 1: Infrastructure Development (Years 1-2)

- Construct access roads, utilities, and prepare the site.
- Install refrigeration systems for cold storage and HVAC for dry storage and office spaces.

Phase 2: Facility Construction (Years 2-3)

- Build 500,000 sq. ft. of space: 100,000 sq. ft. cold storage, 50,000 sq. ft. dry storage, 50,000 sq. ft. office space, 300,000 sq. ft. industrial units.

Phase 3: Tenant Occupancy and Operations (Years 3-5)

- Lease space to tenants and provide property management services.

### 4. Infrastructure Costs

Item	Cost (\$)
Site Preparation	2,500,000
Access Roads	3,000,000
Water and Sewer Lines	4,500,000
Electrical Infrastructure	3,000,000
Broadband Connectivity	1,200,000
Refrigeration Systems	15,000,000
HVAC for Dry Storage	2,500,000

Permits and Approvals 1,800,000

Total Infrastructure Cost \$33,500,000

Construction Costs:

Item	Cost (\$)
Cold Storage (100,000 sq ft @ \$300/sq ft)	30,000,000
Dry Storage (50,000 sq ft @ \$200/sq ft)	10,000,000
Office Space (50,000 sq ft @ \$250/sq ft)	12,500,000
Industrial Units (300,000 sq ft @ \$150/sq ft)	45,000,000
Landscaping and Amenities	4,000,000
Total Construction Cost	\$101,500,000
Total Development Cost: \$135,000,000	

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#### 5. Revenue Model

Facility	Square Feet	Monthly Rate (\$)	Annual Revenue (\$)
Cold Storage	100,000	2.50	3,000,000
Dry Storage	50,000	1.75	1,050,000
Office Space	50,000	2.00	1,200,000
Industrial Units	300,000	1.50	5,400,000
Total Annual Revenue	500,000	N/A	\$10,650,000

---

#### 6. Operating Costs

Expense Category	Annual Cost (\$)
Property Management	750,000
Maintenance	1,300,000
Utilities	1,000,000

Insurance and Taxes	1,500,000
Marketing and Leasing	400,000
Tenant Services	300,000
<b>Total Annual Operating Costs</b>	<b>\$5,400,000</b>

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### 7. Profit and Loss Analysis (5-Year)

Year	Revenue (\$)	Operating Costs (\$)	Profit/Loss (\$)
Year 1	0	1,650,000	-1,650,000
Year 2	0	1,650,000	-1,650,000
Year 3	6,390,000	5,400,000	990,000
Year 4	9,040,000	5,400,000	3,640,000
Year 5	10,650,000	5,400,000	5,250,000

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### 8. Funding Plan

- Equity Investment: \$50,000,000
  - Commercial Loan: \$85,000,000 (6% interest, 15 years)
  - Government Incentives: Explore grants and tax credits for agribusiness infrastructure.
- 

### 9. Risks and Mitigation Strategies

Risk	Mitigation Strategy
Market Risk	Regularly adjust lease rates to remain competitive.
Construction Delays	Implement strict project management controls.
Tenant Occupancy Risk	Offer lease incentives and aggressive marketing.

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### 10. Conclusion

The industrial park addresses Hawaii’s pressing need for industrial and agribusiness spaces, leveraging a strategic location and eco-friendly infrastructure. With profitability projected by Year 3

and significant contributions to the local economy, this development is positioned for long-term success.

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DRAFT

STATE OF HAWAII  
**AGRIBUSINESS DEVELOPMENT CORPORATION**

E-8

STAFF SUBMITTAL TO THE BOARD OF DIRECTORS  
January 16, 2025

Subject: Request to establish a permitted interaction group to develop policies and guidelines for the establishment and implementation of an ADC subsidiary related to the Entrepreneur Product Innovation Network Center project pursuant to section 163D-6, Hawaii Revised Statutes

Applicant: Agribusiness Development Corporation (ADC)

Authority: 163D-6, Hawaii Revised Statutes

**BACKGROUND:**

Section 163D-6, Hawaii Revised Statutes establishes the authority for ADC to set up subsidiary corporations through which ADC may exercise its powers. The statute notes, in part, that:

“The corporation may exercise its powers through one or more subsidiary corporations. The corporation, by resolution, may direct any of its members, officers, or employees to organize a subsidiary corporation pursuant to either chapter 414 or chapter 414D; provided that the organization of a subsidiary corporation shall not adversely affect the federal tax status of the interest on any bonds issued to finance any project or project facility....”<sup>1</sup>

**REQUEST:**

That the ADC Board of Directors (Board) establish a permitted interaction group pursuant to section 92-2.5, Hawaii Revised Statutes to develop policies and guidelines for the establishment and implementation of an ADC subsidiary related to the Entrepreneur Product Innovation Network Center project pursuant to section 163D-6, Hawaii Revised Statutes (See Exhibit “A”) (Request).

**CHAPTER 343:**

Under section 343-5(a), Hawaii Revised Statutes, an environmental assessment shall be required for actions, that propose, among other things, the “(1) use of state land or county lands, or the use of state or county funds[.]” This action does not trigger the Hawaii environmental review process.

**DISCUSSION:**

To date, ADC has not set up a subsidiary corporation. The executive director has conducted extensive research into subsidiary corporations set up by other state agencies who are authorized to do so. However, the establishment of a permitted interaction group of ADC board members will help encapsulate input from the Board.

Establishment and operation of this permitted interaction group will have not fiscal impact to ADC beyond the commitment of any staff time.

**RECOMMENDATION:**

Based on the foregoing, staff recommends that the Board:

1. Approve the Request.

Respectfully Submitted,

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<sup>1</sup> Section 163D-6 may be viewed in its entirety at [capitol.hawaii.gov/hrscurrent/Vol03\\_Ch0121-0200D/HRS0163D/HRS\\_0163D-0006.htm](http://capitol.hawaii.gov/hrscurrent/Vol03_Ch0121-0200D/HRS0163D/HRS_0163D-0006.htm)



*Request to establish a permitted interaction group to develop policies and guidelines for the establishment and implementation of an ADC subsidiary related to the Entrepreneur Product Innovation Network Center project pursuant to section 163D-6, Hawaii Revised Statutes*  
January 16, 2025



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WENDY L. GADY  
Executive Director

DA: January 10, 2025

TO: Agribusiness Development Corporation

FR: Wendy Gady, Executive Director

RE: Establishing a Subsidiary Under Hawaii Revised Statute 163D Information

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## Overview

This schedule outlines the step-by-step activities required to establish a subsidiary under Hawaii Revised Statute 163D, incorporating best practices to ensure compliance and efficiency. Activities are organized into permitted interaction groups, providing a timeline for successful subsidiary formation.

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### Group 1: Preliminary Planning and Purpose Definition

#### Activities:

1. Define the subsidiary's purpose and objectives.
  - Align with Hawaii Revised Statute 163D's public interest goals.
  - Develop a mission statement and strategic goals.
2. Conduct initial market analysis to identify opportunities and challenges.
3. Draft a preliminary business plan outlining operational, financial, and compliance goals.

Timeline: Weeks 1-2

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### Group 2: Legal Structure and Location Selection

#### Activities:

1. Evaluate legal structures (LLC, Corporation, Partnership) for liability protection and tax benefits.
2. Identify potential locations within Hawaii, focusing on economic and regulatory advantages.
3. Consult with legal advisors to confirm compliance with Hawaii's entity formation requirements.

Timeline: Weeks 3-4

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### Group 3: Registration and Incorporation

Activities:

1. Reserve the subsidiary's name and verify availability with the Hawaii Department of Commerce and Consumer Affairs (DCCA).
2. File incorporation documents, such as Articles of Incorporation or Operating Agreements.
3. Obtain necessary business licenses and permits specific to the industry.

Timeline: Weeks 5-6

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Group 4: Governance and Ownership Establishment

Activities:

1. Define ownership percentages and governance roles.
2. Draft and approve bylaws or operating agreements in compliance with Hawaii Revised Statute 163D.
3. Appoint a board of directors or management team with defined responsibilities.

Timeline: Weeks 7-8

---

Group 5: Financial Systems Setup

Activities:

1. Open local business bank accounts and register for Hawaii tax identification numbers.
2. Implement accounting systems to ensure transparency and compliance.
3. Develop a financial reporting structure for tracking performance and regulatory filings.

Timeline: Weeks 9-10

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Group 6: Professional Hiring and Staffing

Activities:

1. Engage local legal, accounting, and HR professionals to support compliance and operations.
2. Recruit qualified local talent to fill key roles within the subsidiary.
3. Develop employment policies that adhere to Hawaii labor laws.

Timeline: Weeks 11-12

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## Group 7: Operational Infrastructure Development

### Activities:

1. Secure office space, equipment, and technology required for operations.
2. Establish supply chains and vendor relationships as needed.
3. Obtain all operational permits and clearances in compliance with local regulations.

Timeline: Weeks 13-14

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## Group 8: Compliance and Monitoring Setup

### Activities:

1. Develop a compliance framework for reporting, auditing, and regulatory adherence.
2. Submit annual reports and other mandatory filings to Hawaii authorities.
3. Monitor statutory changes and adjust operations accordingly.

Timeline: Weeks 15-16

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## Group 9: Performance Monitoring and Optimization

### Activities:

1. Establish key performance indicators (KPIs) to evaluate subsidiary success.
2. Conduct regular reviews of financial, operational, and strategic goals.
3. Optimize operations based on feedback and market conditions.

Timeline: Ongoing (Post-Week 16)

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## Conclusion

This schedule ensures an organized and compliant approach to subsidiary formation under Hawaii Revised Statute 163D. By following these permitted interaction group activities, stakeholders can achieve timely and effective subsidiary establishment while aligning with statutory and operational goals.

STATE OF HAWAII  
**AGRIBUSINESS DEVELOPMENT CORPORATION**

E-9

STAFF SUBMITTAL TO THE BOARD OF DIRECTORS  
January 16, 2025

Subject: Request for approval to enter into a one-time program to preserve the agricultural value of lands held under License Agreement Nos. LI-08202 and LI-K0801 issued Hartung Brothers, Inc. for land in Kekaha, County of Kauai, State of Hawaii, Tax Map Key (4) 1-2-002:001 (por.) and for the Executive Director to manage this program.

Applicant: Agribusiness Development Corporation (ADC)

Authority: 163D-4(a)(5), Hawaii Revised Statutes

Area: To be determined

Field No(s): To be determined (Premises)

Tax Map Key: (4) 1-2-002:001 (por.) (Property)

Land Status: Set aside to the Agribusiness Development Corporation by Governor's Executive Order No. 4007 as modified by Governor's Executive Order No. 4034, 4165, for Agricultural and Related Purposes

Trust Land Status: Section 5(b) lands of the Hawaii Admission Act  
Yes  No   
DHHL 30% entitlement lands pursuant to the Hawaii State Constitution?  
Yes  No

Zoning: SLUD: Agricultural  
CZO: Agriculture

Character of Use: Agricultural

Land Doc. Type: License

Term: 20 years (currently in year 18)

Rental Rate \$150 per Acre per Year  
**Annual Rent:** To be determined

*Request for approval to enter into a one-time program to preserve the agricultural value of lands held under License Agreement Nos. LI-08202 and LI-K0801 issued Hartung Brothers, Inc. for land in Kekaha, County of Kauai, State of Hawaii, Tax Map Key (4) 1-2-002:001 (por.) and for the Executive Director to manage this program.*

January 16, 2025

### BACKGROUND:

Hartung Brothers Inc. (HBI) recently lost a key contract that drove ~85% of ADC licensed land usage in Kekaha. As an alternative to requesting the early release of licensed acres, HBI requests that the board authorize the Executive Director to administer a bridge program to eventually have all the land back into active production status.

In exchange for the interim bridge for aggressively pursuing new contracts, HBI will keep the land clear which is a significant benefit to ADC.

### REQUEST:

Request for approval to enter into a one-time program to preserve the agricultural value of lands held under License Agreement Nos. LI-08202 and LI-K0801 issued Hartung Brothers, Inc. for land in Kekaha, County of Kauai, State of Hawaii, Tax Map Key (4) 1-2-002:001 (por.) and for the Executive Director to manage this program per the terms described below.

The broad terms of the program would be:

1. HBI provides a map of “Temporarily Not Farmed” parcels within 10 business calendar days of execution.
2. HBI will maintain the land to the level of “managed fallow”.
3. HBI notifies ADC as it identifies lands from the “Temporarily Not Farmed” map to be to be put back into “Tillable” status upon new contracts.
4. Land classified as “Temporarily Not Farmed” shall be assessed at a rate of \$1/acre/year.
5. ADC reserves the right to approve/disapprove the proposed use of the replacement area if not consistent with HBI’s current farm plan. ADC’s approval will not be unreasonably withheld provided the proposed use is consistent with ADC’s mission. ADC encourages pre-discussions with staff to avoid disapproval of potential farm replacement business and concurrence as to whether a potential use is consistent with HBI’s current farm plan.
6. ADC can withdraw land held by HBI under “Temporarily Not Farmed” status if ADC finds an ADC BOD’s approval of an acceptable tenant and HBI declines to return the land in question to “Tillable” status.

Term:

The above arrangement lasts until the current HBI licenses expire (L-08202 expires in 2027, LI-K0801 expires in 2028) or all affected land has been returned to tillable status.

The effective date will be retroactive to January 1, 2025.

### OPERATIONAL PLAN:

The operational plan will follow the current approved plan. The use is for production of diversified agriculture crops.

### CONSERVATION PLAN:

HBI has an approved Conservation Plan dated March 19, 2024. HBI will work with the West Kauai Soil & Conservation District to amend the approved plan if needed.

*Request for approval to enter into a one-time program to preserve the agricultural value of lands held under License Agreement Nos. LI-08202 and LI-K0801 issued Hartung Brothers, Inc. for land in Kekaha, County of Kauai, State of Hawaii, Tax Map Key (4) 1-2-002:001 (por.) and for the Executive Director to manage this program.*

January 16, 2025

**CHAPTER 343:**

Under section 343-5(a), Hawaii Revised Statutes, an environmental assessment shall be required for actions, that propose, among other things, the “(1) use of state land or county lands, or the use of state or county funds[.]” However, this is a de minimis action that will probably have little to no effect on the environment and is substantially in keeping with the current use.

**DISCUSSION:**

ADC will update the ADC Board of Director as changes occur. Beginning with the initial impact of the revenue change and subsequent additional revenue as it occurs. The benefit for the state is the fields will be maintained in a managed fallow condition which reduces the maintenance cost to the state and lowers the wildfire risk by reducing the fuel load.

The one time clearing cost for vacant unmanaged land may be between \$1,500 to \$15,000 per acre.

**RECOMMENDATION:**

Based on the foregoing, staff recommends that the Board:

1. Approve the Request, subject to the following conditions:
  - a. Within (10) days of the ADC Boards approval. Licensee shall notify the Executive Director of the fields to be included in the “Temporarily Not Farmed” area.
  - b. Licensee shall provide a map of the area included in the program as part of the notification.
2. Declare that, pursuant to ADC’s Comprehensive Exemption List dated May 1, 2018, the proposed disposition will probably have minimal or no significant effect on the environment and is therefore exempt from the preparation of an environmental assessment, pursuant to Chapter 343, Hawaii Revised Statutes.

Respectfully Submitted,

*Mark Takemoto*

\_\_\_\_\_  
Mark Takemoto  
Senior Executive Assistant

*Approved for Submittal:*



\_\_\_\_\_  
Wendy Gady  
Executive Director

STATE OF HAWAII  
AGRIBUSINESS DEVELOPMENT CORPORATION

F-1

STAFF SUBMITTAL TO THE BOARD OF DIRECTORS  
January 16, 2025

Subject: Update regarding Notice of Violation issues to Ohana Hui Ventures dated October 22, 2024 under License Agreement No. LI-W194-23-01

Licensee: Ohana Hui Ventures, Inc.

Authority: Sections 163D-4(a)(5) & (15), Hawaii Revised Statutes

Area: 397.3 gross acres, more or less (253.51 tillable)

Field No(s): Parcels 12, 41, 46, 47, 34, 6 (por.)

Tax Map Key: (1) 7-1-001:012, (1) 7-1-002:041, (1) 7-1-002:046, (1) 7-1-002:047, (1) 7-1-002:034, and (1) 7-1-002:006 (Premises)

Land Status: Acquired in fee by the Agribusiness Development Corporation in 2012

Trust Land Status: Section 5(b) lands of the Hawaii Admission Act  
Yes  No   
DHHL 30% entitlement lands pursuant to the Hawaii State Constitution?  
Yes  No

Zoning: SLUD: Agricultural  
CZO: AG-1

Character of Use: Diversified Agriculture

Land Doc. Type: License

Term: 35 years

Rental Rate: \$0 per acre per year until July 2023  
\$14 per acre, per year (Year 1-3; August 1, 2023 to July 31, 2026)  
\$100 per acre, per year (Year 4-10; August 1, 2026 to July 31, 2032)  
+2.5% (start of year 11, 16, 21, 26, 31)  
\$1 per acre, per year (non-tillable)



January 16, 2025

**BACKGROUND:**

Effective January 1, 2023, ADC and Ohana Hui Ventures, Inc. (LICENSEE) entered into License Agreement No. LI-W194-23-01 (License) for diversified agriculture purposes. According to LICENSEE's Utilization Plan, the licensed property was for diversified agriculture and small livestock (40%), industrial hemp (40%), and Agri-Education [sic] (20 %). According to LICENSEE's five-year Conservation Plan, the Premises was for use in growing orchard crops and Ulu, cover crops would be planted to prevent erosion, irrigation systems and fencing would be installed, woody vegetation and invasive species would be removed, and fire breaks would be maintained to prevent fire. Since 2023 LICENSEE has made great strides in clearing the licensed Premises and has begun growing crops.

ADC became aware that on October 12, 2024, LICENSEE conducted a non-agricultural mud racing event on the licensed Premises.

On October 22, 2024, ADC issued a Notice of Violation (NOV), which alleged:

Violation 1: On Saturday, October 12, 2024, ADC documented unauthorized, non-agricultural use of the Premises for purposes of conducting a mud racing event, with hundreds of individuals in attendance, with their vehicles driving across and parked on the licensed Premises. This is a violation of paragraph 8 of License Agreement No. LI-W194-23-01, which states: "LICENSEE shall not do or commit, or permit or suffer to be done, any willful or voluntary waste or destruction in and upon the Premises, any nuisance in and upon the Premises, or any unlawful or improper use of the Premises. Licensee shall use the Premises solely for diversified agriculture purposes[.]"

Violation 2: On Sunday, October 13, 2024, ADC documented unauthorized non-agricultural use of the Premises for purposes of conducting a motorcross event with numerous individuals operating motorcycles on the Premises. This is a violation of paragraph 8 of License Agreement No. LI-W194-23-01, which states: "LICENSEE shall not do or commit, or permit or suffer to be done, any willful or voluntary waste or destruction in and upon the Premises, any nuisance in and upon the Premises, or any unlawful or improper use of the Premises. Licensee shall use the Premises solely for diversified agriculture purposes[.]"

Violation 3: On Saturday, October 12, 2024 and Sunday, October 13, 2024, ADC documented activities by people, vehicles, and equipment, which caused the release of excessive air-borne dust that went unmitigated as required by your Conservation Plan and resulted in excessive soil erosion. This is a violation of paragraph 46 of License Agreement No. LI-W194-23-01, which states: "LICENSEE shall not engage in any activity that may result in soil erosion from water or wind. LICENSEE shall control soil erosion as completely as practicable, by strip cropping and contouring, by filling in or otherwise controlling small washes or ditches that may form, and by adopting practices recommended by the

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Natural Resource Conservation Service (NRCS).” LICENSEE’s adopted Conservation Plan, dated August 11, 2022, is attached to License Agreement No. LI-W194-23-01 as Exhibit C.

Violation 4: On Saturday, October 12, 2024, ADC documented commercial activities being conduct on the Premises with ADC’s prior written approval. This is a violation of paragraph 2 of the Special Conditions of License Agreement No. LI-W194-23-01, which states: LICENSEE, its employees, customers, guests, agents, and/or invitees shall not display or offer for sale or sell any article(s) or merchandise whatsoever within the Premises without the prior written approval of [ADC] and upon such terms and conditions established by [ADC]. No commercial activities whatsoever, including activities such as feedlots (excepting a private feedlot designed to feed LICENSEE’s own cattle), dairy milking parlors, or boarding of horses, are permitted without prior written approval of [ADC].”

Violation 5: On Saturday, October 12, 2024, ADC documented individuals working on the Premises who are not employees of LICENSEE and for whom LICENSEE has not sought approval for these individuals to occupy the premises, and that ADC has not approved. These individuals appear to be operation a Horsemanship Academy and growing crops. This is a violation of paragraph 10 of License Agreement No. LI-W194-23-01, which states: “LICENSEE shall not sublicense or rent the whole or any portion of the Premises without the prior consent of [ADC], which consent may be withheld in [ADC’s] sole discretion. Any sublicensing request shall be submitted in writing to [ADC], together with a copy of the sub-licensee’s land utilization plan and rental payment schedule for [ADC’s] consideration. Profit on any sublicense charges is neither allowed, nor shall be sought by LICENSEE.”

The NOV gave LICENSEE thirty-days to fully cure the five violations.

The NOV was sent to LICENSEE via email, and by certified mail, return receipt requested. The NOV was mailed to LICENSEE’s address on file with ADC. The certified mail was returned to ADC on or about November 14, 2024 with the notation from the postmaster that the envelop was “Unclaimed” and “Unable to Forward”.

On October 29, 2024, Scotty Wong, on behalf of LICENSEE responded to the NOV noting the following remedies to the five violations:

Violation 1 Remedy: “On October 12 at 16:00hrs, [LICENSEE] ended the Agricultural event which included mud dragging and instructed all visitors and vendors to exit the property. By October 14<sup>th</sup> 10:00hrs, all non-agricultural items such as bleachers and restrooms were removed from the property. Property till this day remains empty except for a backhoe and a container of Organic Microbial solution to remediate the soil.”

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Violation 2 Remedy: “On Sunday, October 13, 2024, at 17:00hrs, all Motocross riding volunteers were removed from the property and went home. Any and all motocross racers that used the access roads to enter the racing area in the Helemano area was notified to proceed directly off the area to where they parked their cars or their homes in Whitmore Village.” LICENSEE claims the motorcycles were not racing on the Premises on Sunday, October 13, 2024; that ADC was sent a random picture not related to any activities that occurred on the Premises; and LICENSEE will not allow any racing activities on the Premises.

Violation 3 Remedy: “All vehicles and people were removed within 24 hours of October 12<sup>th</sup>. NRCS Agent working with [LICENSEE] for these parcels was contacted on October 28<sup>th</sup> to re-evaluate and go over conservation plan for this area. [LICENSEE] has already sourced ground cover seed and will be planting in accordance with NRCS Conservation Plan.”

Violation 4 Remedy: “On Saturday, October 12, 2024 at 16:00, all vendors selling merchandise and articles had packed up and left the premises. [LICENSEE] will not allow Vendors to sell unless prior approval is given.” LICENSEE denies boarding of horses on the Premises “except where the conservation plan allows and the exhibit B Business plan mentions Livestock Integration of its own Livestock.”

Violation 5 Remedy: “All other individuals throughout the property of [LICENSEE] are either paid contractors, partner to [LICENSEE] for specific projects to the business and conservation plan or they are listed visitors. [LICENSEE] is conducting forestry clearing, homeless removal, hazmat removal, regenerative farming, workforce development certifications and livestock integration. GAP food safety, NRCS Agents, CTAHR, Department of AG Hemp Division, Polynesian Farming Consultants and Animal Husbandry Consultants are present on the farm for the multiple sectors of farm operations at various times of the day.

Based on LICENSEE’s response to the NOV, LICENSEE claims that all violations have been remedied.

ADC’s Property Manager conducted an inspection of the Premises on November 26, 2024 to verify LICENSEE’s remediation. At that time LICENSEE was asked to provide evidence in regard to Violation 5, such as employment records or contracts, that demonstrate the individuals working on the Premises were employees, partners, or contractors, and not sublicensees. LICENSEE has provided the requested documents. No other continuing violations were observed.

Separately, members of the Whitmore Village community contacted ADC on several occasions during the month of December, complaining that LICENSEE was violating License Agreement No. LI-W194-23-01. ADC’s Property Manager immediately investigated each Complaint and

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was unable to verify that any violations of License Agreement No. LI-W194-23-01 had occurred.

CHAPTER 343 – ENVIRONMENTAL ASSESSMENT COMPLIANCE:

The administrative actions contained in this follow-up report of activities taken by ADC Staff in response to the NOV issued on October 22, 2024, does not trigger an environmental assessment.

REMARKS & DISCUSSION:

The non-approved activities taken by LICENSEE violated the terms of License Agreement LI-W194-23-01. Upon notification of the violations, the response from LICENSEE was swift and comprehensive. LICENSEE, Mr. Scotty Wong, acknowledged the concerns raised by ADC and provided a detailed letter on October 29, 2024, addressing each issue and immediate rectification actions to be taken, which prevented the escalation of violations.

After the initial incident, ADC followed up to ensure that the issues had not only been acknowledged but thoroughly addressed. These follow-ups included site visits, verbal communications, and reviews of submitted compliance documents as stated in the license agreement. LICENSEE was advised that the Premises were to be used solely for diversified agricultural purposes, and appropriate steps be taken to reduce the risk of any excessive soil erosion. Discussions with legal counsel regarding sublicensing are ongoing.

Respectfully Submitted,

  
\_\_\_\_\_  
ROGER CLEMENTE  
Property Manager

*Approved for Submittal:*

  
\_\_\_\_\_  
Wendy Gady  
Executive Director



October 29, 2024

ROGER CLEMENTE Property Manager  
235 S Beretania St. #205,  
Honolulu, HI 96813

Re: Violation of License Agreement No. LI-W194-23-01 between the State of Hawaii Agribusiness Development Corporation and Ghana Hui Ventures, Inc.

Violation 1:

On Saturday, October 12, 2024, Licensor became aware of and documented unauthorized, non-agricultural use of the licensed premises for purposes of conducting a mud racing event, with hundreds of individuals in attendance, with their vehicles driving across and parked on the licensed premises.

Remedy:

On October 12 at 16:00hrs, OHV ended the Agricultural event which including mud dragging and instructed all visitors and vendors to exit the property. By October 14<sup>th</sup> 10:00hrs, all non-agricultural items such as bleachers and restrooms were removed from the property. Property till this day remains empty except for a backhoe and a container of Organic Microbial solution to remediate the soil.

Violation 2:

On Sunday, October 13, 2024, Licensor became aware of and documented unauthorized, non-agricultural use of the licensed premises for purposes of conducting a motocross event with numerous individuals operating motorcycles on the premises.

Remedy:

On Sunday, October 13, 2024, at 17:00hrs, All Motocross riding volunteers were removed from the property and went home. Any and all motocross racers that used the access roads to enter the racing area in the Helemano area was notified to proceed directly off the area to where they parked their cars or their homes in Whitmore Village.

It is to be made aware that the Licensor mentioned they “became aware” but did not mention that they witnessed any Motocross racing on the property in the morning or in the afternoon. They were sent random pictures. OHV still confirms the race was not on the parcel in question. OHV will not allow any racing activities on the property.

Violation 3:

On Saturday, October 12, 2024, and Sunday, October 13, 2024, Licensor became aware of and documented activities by people, vehicles, and equipment, which caused the release of excessive air-borne dust that went unmitigated as required by your Conservation Plan and resulted in excessive soil erosion.

Remedy:

All vehicles and people were removed within 24 hours of October 12th. NRCS Agent working with OHV for these parcels was contacted on October 28<sup>th</sup> to re-evaluate and go over conservation plan for this area. OHV has already sowed ground cover seed and will be planting in accordance with NRCS Conservation Plan.

Violation 4:

On Saturday, October 12, 2024, Licensor became aware of and documented commercial activities being conducted on the premises without LICENSOR'S prior written approval

Remedy:

On Saturday, October 12<sup>th</sup>, 2024 at 16:00, all vendors selling merchandise and articles had packed up and left the premises. OHV will not allow Vendors to sell unless prior approval is given,

There is no dairy, feedlots nor boarding of horses on the premises except where the conservation plan allows and the exhibit B Business plan mentions Livestock Integration of its own Livestock.

Violation 5:

Licensor became aware of and documented individuals working on the premises who are not employees of Licensee and for whom Licensee has not sought approval for these individuals to occupy the premises, and which Licensor has not approved.

Remedy:

Violation number 5 is unclear as to which date and where these individuals were documented. However, to remedy the situation, all persons who were involved with the October 12<sup>th</sup> event are no longer on property, All Motocross volunteers on October 13<sup>th</sup> had been removed by the ADC Property Manager on that same day around 17:00hrs.

All other individuals throughout the property of OHV are either paid contractors, partners to OHV for specific projects to the business and conservation plan or they are listed visitors. OHV is conducting forestry clearing, homeless removal, hazmat removal, regenerative farming, workforce development certifications and livestock integration. GAP food safety, NRCS Agents, CTAHR, Department of AG Hemp Division, Polynesian Farming Consultants and Animal Husbandry Consultants are present on the farm for the multiple sectors of farm operations at various times of the day.

Summary, OHV feels that all violations mentioned have been remedied.

It is also of importance to mention that at the October 21<sup>st</sup> Wahiawa and Whitmore Neighborhood Board Meeting that it was mentioned by HFD that a car did not flip over as it was portrayed to news reporters. It was also reported by HPD of Wahiawa that no fight was reported or annotated especially one with 10 people fighting and no pepper balls were fired nor pepper spray. It was explained by the officer that pepper balls are only used by C.R.U. (SWAT Team) in cases of riot control.

OHV hopes that all alleged violations mentioned have been sufficiently remedied in the allotted time frame as per the Agreement.

Sincerely,

Scott K. Wong, CEO  
Ohana Hui Ventures, Inc