

**AGRIBUSINESS DEVELOPMENT CORPORATION**

Minutes of the Board of Directors Meeting held Virtually on March 3, 2025

Via Zoom Teleconference and/or In-Person at 235 S. Beretania St., Suite 200, Honolulu, HI 96813

*Pursuant to section 92-3.7, Hawaii Revised Statutes (HRS), this meeting was held remotely with Board members, Staff, Applicants, and the Public participating via Zoom meeting venue, and an In-Person meeting location available for public participation at the State of Hawai‘i, State Office Tower Building, 235 S. Beretania St., Suite 200, Honolulu, HI 96813.*

**Members Present, virtually:**

Lyle Tabata, Kauai County Member (Chair)

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

Glenn Hong, Member-At-Large (Member Hong)

Sharon Hurd, Ex-Officio Member for HBOA (Member Hurd)

Ciara Kahahane, Designee for DLNR, Ex-Officio Member Ms. Dawn Chang (Member Kahahane) (entered the meeting at 2:00 p.m.)

Dean Okimoto, Member-At-Large (Member Okimoto)

Jason Okuhama, Member-At-Large (Member Okuhama)

Karen Seddon, Member-At-Large (Member Seddon) (entered the meeting at 1:06 p.m.)

Nathan Trump, Hawaii County (Member Trump)

Jayson Watts, Maui County Member (Member Watts)

Dane Wicker, Designee for DBEDT, Ex-Officio Member James Tokioka (Member Wicker) (entered the meeting at 1:07 p.m.)

**Members Excused:**

None

**Counsel Present, virtually:**

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

**Staff Present, virtually:**

Wendy L. Gady, Executive Director (Ms. Gady)

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

Ken Nakamoto, Project Manager (Mr. Nakamoto)

Lyle Roe, Asset Manager (Mr. Roe)

Roger Clemente, Property Manager (Mr. Clemente)

Ingrid Hisatake, Executive Secretary

Frankie Empeno, Contracts Manager

**Guests Present, virtually:**

ADC Guest

Hannah Valencia

iPhoneDean

Jason Thune

Jessie Kalahui

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

Kimi Makaiau, (Ms. Makaiau), University of Hawaii Community Design Center (UHCDC)

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Nick Azari (Dr. Azari), Hawaii Sustainable Agricultural Products, LLC  
Patricia Tummons  
Thomas Heaton  
Trisha Yamato

### **Guests Present, physical location:**

None

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

Chair called the meeting to order at 1:02 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. Chair stated that the roll call served as a roll call vote, and for each subsequent vote, he would ask if there were any objections or abstentions. If there were no objections or abstentions the motion would be approved on the same basis as the roll call.

Roll call: Chair, Member Cooke, Member Hong, Member Hurd, Member Okimoto, Member Okuhama, Member Trump, and Member Watts acknowledged their presence with no guests present. Member Seddon entered the meeting at 1:06 p.m. Member Wicker entered the meeting at 1:07 p.m. Ms. Kahahane arrived at 2:00 p.m.

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

Chair noted that approval of all the minutes were deferred until the next meeting.

1. Regular Session Minutes, November 21, 2024 – Deferred.
2. Executive Session Minutes, November 21, 2024 – Deferred.
3. Regular Session Minutes, December 5, 2024 – Deferred.
4. Executive Session Minutes, December 5, 2024 – Deferred.
5. Regular Session Minutes, January 16, 2025 – Deferred.

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

1. None

#### **D. Committee Reports**

1. **Presentation of report and findings of the value-add permitted interaction group, deferred from December 5, 2024, and January 16, 2025**

Chair called on Member Watts to provide the findings and recommendations of the value-add permitted interaction group.

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Member Watts reported that the group has worked to identify opportunities for ADC to strengthen Hawaii's agricultural sector through value added initiatives. Our goal was to create sustainable, long term solutions that enhance food security, farmer profitability, and address modernization of agriculture infrastructure. Member Cooke, Member Wicker and myself discussed ADC's vision under chapter 163D to develop value added agriculture opportunities that provide economic, environmental, and social benefits. We looked at ADC's role in land acquisition, infrastructure development, farmer support services, and shared processing facilities. Some of the value add support involved improving access to processing, packaging, and logistics services, and the potential expansion of existing initiatives like the central Oahu agriculture and food hub and the Wahiawa value-added product development center, the Food and Product Innovation Network (FPIN) connecting farmers to processing equipment, business guidance and certifications, preprocessing, cold storage, addressing supply chain inefficiencies, farmer training, and business development. Another area, enhancing market access and food security. The establishment of regional aggregate facilities to improve collection, preprocessing and distribution hubs are critical for supporting institutional buyers like the Department of Education (DOE) for school meal programs, expansion of food safety training to meet USDA standards, ensuring that Hawaii's farmers have access to larger markets and development of distribution and packaging services to reduce transportation costs. Acquiring land for expansion on Maui, Molokai, and Hawaii Island. Statewide agriculture asset mapping to identify infrastructure investment gaps. Continue legislative advocacy to secure funding for agriculture expansion projects, and establish value added processing on all islands, investment in ag innovation, market research, workforce development, and diversification of protein production. Strengthen partnerships and resource sharing. Ensuring more transparency and accountability. These recommendations will position ADC as a leader in advancing Hawaii's ag sector through smart investments, targeted support for farmers, and strong public private partnerships. The full report is attached to the submittals.

Ms. Prescott-Tate noted that Member Seddon joined the meeting at 1:06 p.m. and Member Wicker joined the meeting at 1:07 p.m.

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 noted that after giving the report, the value-add permitted interaction group was dissolved.

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

Chair called on Mr. Clemente to provide the report and findings of the land license permitted interaction group.

Ms. Gady interjected that the members of the land application permitted interaction group were Chair, Member Cooke, Member Okimoto, and Member Trump. There's a report attached to the submittal. There's a recommendation that 23 farmers receive a land license, starting from the highest scorer until all the land is licensed. Those who are not

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recommended for a license may meet the definition of small, disadvantaged farmer and staff will develop specific parcel assignments for those applicants. Staff will work with the farmers to develop the farm assignments and issue rights-of-entry. The Board is receiving the report today and the vote on accepting or not accepting the report will occur at the regularly scheduled March 20th Board meeting.

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

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

Chair noted that the land application permitted interaction group was dissolved.

### **3. Presentation of report and findings of the executive director (ED) evaluation for pay increase & goal setting for fiscal year 2025 and fiscal year 2026 permitted interaction group**

Chair called on Member Okuhama to provide the report, findings and recommendations of the executive director evaluation for pay increase and goal setting for fiscal year 2025 and fiscal year 2026 permitted interaction group.

Member Okuhama stated that at the January 16th Board meeting, Chair asked the Board to approve the request to set up an ED evaluation pay increase and goal setting for fiscal year 2025 and 2026. We focused on FY2025 because the Board was quite behind on goals and objectives for the ED, which will be ending June 30, 2025. We moved quickly in doing our evaluation and goal setting for the ED. We reviewed the prior permitted interaction group's goals with the staff input and used some of the recommendations. We also looked at the current ED self-evaluation and we established SMART goals for fiscal year 2025. The ED Evaluation Group was Chair, Member Wicker, and myself. We completed the FY2025 evaluation and goals, but we did not do FY2026. After the Board approves the FY2025 evaluation then we can address the FY2026 evaluation. The ED evaluation permitted interaction group recommends the Board adopt and approve the performance goals and objectives set forth on pages 016-020 of the submittal. The ED evaluation group further request that a new ED evaluation permitted interaction group be created to complete the following tasks: establish FY2026 goals for the ED. Ensure that the ED goals and objectives are approved before the new fiscal year starts on July 1st. Evaluate the ED, make a recommendation whether to retain the ED for another year, and make a salary recommendation.

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 the vote to approve or not approve the report would be at the next meeting and dissolved the FY2025 ED evaluation permitted interaction group.

## **E. Action Items**

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- 1. Request to rescind prior board approval of a land license to University of Hawaii, College of Tropical Agriculture and Human Resources for weather recording purposes in Paalaa-uka, District of Waialua, City & County of Honolulu, State of Hawaii, Tax Map Key No. (1) 6-4-003:016 (por.)**

Chair called for a motion to approve.

Motion by Member Wicker; Second by Member Okuhama.

Chair called on Mr. Roe for the Staff presentation.

Mr. Roe said back in 2017 Costco Corporation approached ADC seeking to develop a farm on parcel 16, just north of Wahiawa, using local farmers and offering some of their own expertise to develop produce for their stores. When the pandemic hit Costco canceled the project. Costco gifted their weather station that was collecting data to the University of Hawaii (UH). UH requested a license and the Board approved the request. That's where it stopped. UH never executed the license and we've received no comment ever since. This is the parcel that we're looking at putting some of the disadvantaged farmers. Staff requests that the Board rescind their prior approval for the weather station so we can begin to clear the property.

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

Chair asked if there was any Board discussion.

Member Wicker asked what was the footprint of the weather station; is it a few square feet? Has anyone spoken to the new dean of CTAHR [College of Tropical Agriculture and Human Resilience]. ADC and DBEDT are working on commodity mapping and maybe this weather station may help with that research.

Mr. Roe said his understanding was that UH had another location in mind on Kauai. ADC has had discussions with UH. The footprint is 0.19 acres. It's fenced-in. The weather station is footed, but not a substantial installation. It should be moveable.

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

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

- 2. Request for approval to refer License Agreement No. LI-GA2013 issued to Glory Herb Hawaii, LLC, to the Department of the Attorney General for possible legal action due to rent and water delinquency, District of Wahiawa, City and County of Honolulu, State of Hawaii, Tax Map Key No. (1) 7-1-012:001 (por.)**

Chair called for a motion to approve.

Motion by Member Cooke; Second by Member Hong.

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Chair stated that he was just informed that the ADC offices had lost power.

Chair called a recess until 2:00 p.m.

Public meeting recessed at 1:30 p.m.

Public meeting reconvened at 2:00 p.m.

Member Kahahane joined the meeting at 2:00 p.m.

Chair called the meeting back to order and resumed the meeting where we left off before the power went out. Mr. Roe was about to give the Staff presentation on Action Item E-2.

Mr. Roe said Glory Herb Hawaii has accrued a backlog of unpaid rent and water. Just before the meeting they did bring themselves current. Staff recommends that the matter still be referred to the Attorney General's Office. Exhibit C attached to the submittal does not include late fees, service fees, and interest. If the Board is interested in the calculations for the late fees they are available to share on screen.

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

Member Cooke said he would like to see the late fee calculations.

Mr. Roe provided the delinquency totals.

Member Cooke said it appears that they are not farming but they have a lot of water charges in 2024.

Mr. Roe responded that they were farming at various points, on and off. They only stopped four or five months ago and they plan to restart their farming operation.

Member Okuhama asked if there were part-time or full-time farmers.

Mr. Roe replied that there had been issues with the farm manager. They want to resume full-time farming.

Member Hong stated so they brought in checks to clear their balance, but he would still like it referred to the attorney general. He was concerned that they let the arrears get so large without making an attempt to pay until the threat of termination. It seems that this matter should have been brought to the Board much earlier.

Mr. Roe agreed. The backlog occurred during his transition from property manager to asset manager and it got overlooked.

Member Okimoto agreed that any arrearage should be monitored more closely.

Chair called for the vote. Hearing no objections or abstentions the motion was unanimously approved: 11-0.

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### **3. Request to accept and approve the recommendations of the Administration Committee to update fair market rents for new agricultural lease rates for the island of Oahu, State of Hawaii**

Chair Tabata called for a motion to approve.

Motion by Member Wicker; Second by Member Cooke.

Chair called on Mr. Takemoto for the Staff presentation.

Mr. Takemoto said that according to the ADC Policy and Procedure Manual, ADC commissioned an appraisal to determine the 2025 agricultural fair market value of land on Oahu. The Administration Committee met on October 11, 2024, and January 14, 2025 to recommend a new land license rate for Oahu to the Board. The proposed land license rate was presented to the Board the January 16, 2025 meeting. It was recommended that the Oahu rental rate be increased to \$1,800 per acre per year for new licensees. There's a table on submittal page 034 that shows the common area maintenance (CAM) fee of \$594 per acre per year. The total recommendation was \$2,394 per acre per year. Staff requests that the Board approve the new rates.

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

Chair asked if there was any Board discussion.

Member Wicker asked who did the appraisal and what method was used to set the rent and CAM.

Mr. Takemoto replied that the appraisal was done by Medusky. They are qualified appraisers and follow all the appraisal standards. ADC has used them before. They come to the findings by comparing similar properties and interviewing similar landowners.

Member Wicker asked if they were private landowners because he wanted to make sure we were comparing apples to apples. ADC's mission is not the same as private landowners who are looking for a return on their investment. ADC's focus is investment in the farmers, food security, food production.

Mr. Takemoto said the appraisal was to determine the fair market value of the land. It is up to the Board to decide what to do with that information. The fair market rates are based on what the market will bear; what the farmers are paying now to lease agricultural land in central Oahu. The policy says we charge the fair market rate, but the Board can always make an exception to that. ADC offers rent credits and those types of things to provide lower rates. That's up to the Board to decide. The Admin Committee considered the appraisal and came up with the recommendation.

Member Wicker asked if someone from the appraisal company was present to talk about the work they did.

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Mr. Takemoto said they were present when the matter was presented to the Admin Committee. This meeting is to accept or not accept the recommendation.

Ms. Gady interjected that land owners regularly approach other landowners to talk about the current market value. Ultimately it's up to the Board on what policy the Board wants or how the Board wants to carry things out.

Member Hurd added that in cases where federal grants are involved, State agencies must charge fair market rent. If ADC is going to seek federal grant assistance to subsidize operations we will be required to charge fair market rents to assure sufficient revenue.

Member Okimoto said charging fair market rent is required when DHHL is involved too. ADC would have to share that revenue. He believes the rate is fair, even though it is a substantial raise from what it is now.

Member Hong said the Medusky appraisal sets a marker for the Board. What's out there in the private sector. ADC has a public purpose for our lands. But the Board has the authority to make adjustments up or down if the Board finds it appropriate. Just knowing where the private market is, the condition of the land, the term of the lease, what improvements are being made, what is beneficial to the State goals. This gives the Board flexibility to set rates with an eye on the private sector.

Member Wicker stated that he supports the fair market increase but wants to be clear and transparent on the process and how it was calculated. It does look aggressive on the annual amount for both rent and CAM.

Ms. Gady wanted to expand on Member Okimoto's point about ceded lands. ADC's Oahu lands are not ceded lands. If it's ceded there are times when the revenue is split between DHHL and OHA.

Member Okuhama said in his experience Medusky is a well-known, long time appraiser in Hawaii, and pretty reputable, especially in the banking world. The new rents are pretty fair. One of our Thai farmers is paying \$290.47 per acre for rent right now and that doesn't include water. Market rates for small farmers range from a low of \$150 to a high of \$300 to \$400 an acre a month. That is the range we've seeing.

Chair Hurd asked if that was per month.

Member Okuhama replied yes. He's seen rent at \$34,000 a year for a 10 acre parcel.

Member Hurd said going from \$400 to \$1,800 in five years is a big jump. But if that's the fair market value, agencies like DHHL and OHA want to be assured they are getting the appropriate value for the land. And these last five years have been tough, with COVID. That's a pretty big amount for an operation to sustain.

Mr. Roe reminded Member Hurd that the increase would only apply to new tenants who knew what they were getting into and won't be a big shock for our existing tenants.



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Member Okuhama asked if it was not going to apply to the current tenants, is their rent going to go up at a certain point because that would give them an unfair advantage.

Mr. Roe replied that the rates and increases are locked in by the current license. We couldn't change the amounts without breaching the agreements.

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

Chair called for the vote. Hearing no objections or abstentions the motion was unanimously approved: 11-0.

#### **4. Request for approval to execute and enter a memorandum of understanding between the Agribusiness Development Corporation and the University of Hawaii Community Design Center (UHCDC) to develop a proof-of-concept study for a feedlot on Oahu**

Chair called for a motion to approve.

Motion by Member Watts; Second by Member Wicker.

Chair called on Mr. Nakamoto for the Staff presentation.

Mr. Nakamoto said ADC received a legislative appropriation to develop a proof of concept study, which includes preliminary planning, and getting it up to speed on the market feasibility of developing a feed lot on Oahu.

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

Chair asked if there was any board discussion.

Member Okuhama asked if this was for a regular grain fed feed lot.

Mr. Nakamoto replied it would be for all aspects of a feed lot. It could include a feed mill and slaughter house. We're leaning more on the feed side, but UHCDC will help us flush out some of those concepts and see what area we should focus on. But yes, it has a little bit of both, feed as well as slaughter. We want to figure out what would be the best approach for the State to take.

Member Wicker asked if this was a way of looking at the cost of feed for cattle and hogs. One idea was alfalfa production and to look at shared facilities to bring the costs down. A commodity side, a livestock side, a feed lot side. So it's not just limited to grain.

Member Hurd said she had heard about new innovations in feed for cattle and for feedlots that were not just grain, which is high cost. There is an algae project that looks promising. There are many different ways to operate a feedlot that don't rely on grain.

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

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Chair called for the vote. Hearing no objections or abstention the motion was unanimously approved: 11-0.

**5. Request for approval to terminate Revocable Permit No. RP19-01 issued to Helemano Farms LLC for Building WW-M in Whitmore Village, District of Wahiawa, City and County of Honolulu, State of Hawaii, Tax Map Key No. (1) 7-1-002:009 (por.)**

Chair called for a motion to approve.

Motion by Member Okimoto; Second by Member Watts.

Chair called on Mr. Roe for the Staff presentation.

Mr. Roe said as the Board knows ADC is working on the Central Oahu Agriculture Food Hub project in Whitmore. Phase One of the construction is being done by the Department of Accounting and General Services. Construction on a utility road and installing utilities is underway. Some of the existing tenants had to move out for construction to take place. This request terminates a revocable permit as a housekeeping matter to have the tenant move.

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

Chair asked if there was any Board discussion.

Chair asked if the tenant was aware of this action.

Mr. Roe said the tenant was aware and although he would love to stay that can't happen.

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

Chair called for the vote. Hearing no objections or abstentions the motion was unanimously approved: 11-0.

**6. Request for approval to issue a right of entry agreement to Hawaiian Telcom to conduct reasonable site exploration and surveying for the purpose of constructing a telecommunication line; Wahiawa, City & County of Honolulu, State of Hawaii, Tax Map Key No. (1) 7-1-002:004**

Chair called for a motion to approve.

Motion by Member Kahahane; Second by Member Okimoto.

Chair called on Mr. Nakamoto for the Staff presentation.

Mr. Nakamoto said Hawaiian Telecom requested to run a subterranean fiber optic cable from the Naval communications base down to their base yard in Wahiawa. It runs through ADC property. They are asking for a right-of-entry to do preliminary engineering, which entails survey work, minimal brush clearing, and some noninvasive work. In the future

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Hawaiian Telecom will probably be coming back for approval for some sort of easement. Right now it's just to do some exploratory work.

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. There was none.

Chair called for the vote. Hearing no objections or abstentions the motion was unanimously approved: 11-0.

### **F. Informational Items**

#### **1. Presentation by Hawaii Sustainable Agricultural Products, LLC on their land utilization plan for 234.031 gross acres of land located in Paalaa Uka, District of Waialua, City and County of Honolulu, State of Hawaii, Tax Map Key Nos. (1) 6-4-004:008; and :006**

Chair called on Dr. Azari for the presentation.

Mr. Nakamoto said Dr. Azari has had a right-of-entry for ADC property since October 8, 2021. There were some issues with Dole getting water to the property. A lot of time has passed and ADC asked Dr. Azari to present an updated proposal for use of the land.

Dr. Azari stated that he submitted our proposals three years ago. We were awarded land and have a right-of-entry. For internal reasons, ADC took a long time to give us the opportunity to have a license to move forward. I was told that the Board Members would like to get an idea about the type of crops we would be planting and how we intend to develop the soil, and so on. The initial crops would be row crops and orchards. We have a conservation plan. Tomatoes, basil, melons, turmeric, cacao, mamaki tea, maybe cashew. Limes. These are the type of crops we have in mind to plant. Basically plant 20% of the farmable area at a time, each year, then add more and more to the project. This is our business plan. This area is next to the Tanaka reservoir. So basically, what we are proposing is 20% planted the first year, and look at the type and how each one of these crops would fare. Make some selections, and then for the second year, third year, focus on those. This approach was very well received by the Board when we were selected. We did soil tests in July 2022. It is quite acidic, from 4.2 to 4.8. We have some lime and dolomites to apply to neutralize that somewhat. The farmable area is a lot smaller than what appears. 2008 was the last time that I found in the Google Maps when the site was planted pineapple by Dole. Then it went fallow. Now it's a jungle. So many trees and tall guinea grasses cover the entire area. We measured this area; it was around 123 acres. I have this map that shows the ravine here that takes away a lot of the land. This part is like a plateau. It does have a 200 foot rise, but it's fairly flat. I just want to bring to your attention how we could use ADC's help to become more profitable and have a sustainable project. From a rent moratorium and reduction, allow other sources of income such as agri-tourism markets, farmers market. This can help make a sustainable business. Agriculture is not easy, especially in Hawaii with the scales that we do; it's not profitable if there aren't other sources of income allowed. That was our original proposals. This is a suggestion, basically proposing to give us a helping hand to make

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things more profitable, especially during the first five years. We have to eradicate all these invasives and clean up the land and basically absorb substantial costs. Also I was told to bring up that we don't have an easement to enter the land from Kam highway. That entrance was not established. It's blocked by concrete blocks. I was told there would be a gate and entrance installed by ADC. This is just like a short summary of what I thought would be good idea to bring up.

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

Chair asked if there was any Board discussion.

Member Okimoto asked Dr. Azari since you've had a right of entry for this property for three years what has been done on the property itself?

Dr. Azari replied that we did the soil test and basically assessed the site security. There were a lot of cross country bikers coming and going. We were able to stop that. It is unreasonable to expect that we should clear over 100 acres of land that will probably cost a million bucks. If we did clear it, after three years it would be all covered by plants and invasives.

Member Okimoto asked so the time frame you're looking at is five years to develop this land and start the lease.

Dr. Azari replied correct.

Mr. Nakamoto added that Dr. Azari did complete his soil conservation plan as well as procured insurance, and he is waiting to execute his water user agreement. And we do have a contractor, to install the gate.

Ms. Gady stated that the Board just approved the Oahu rate of \$1,800 per acre per year, times 123 tillable acres, and you are asking for a five year moratorium on rent. Are you asking for \$1,107,000 in rent credit? Just to be clear.

Dr. Azari asked if Ms. Gady was suggesting that the rent has been increased.

Ms. Gady replied that it will be up to the Board. But the new license fee for Oahu was just approved at \$1,800 per acre per year.

Dr. Azari responded that it would be going in exactly the wrong direction that farmers need to be profitable. We are asking for five years rent moratorium and then rent reduction. But if rent goes to \$1800 the whole calculation will change. We calculated our business plan three years ago. Now we will have to change our business plan to see if it's a profitable venture to even get into.

Member Wicker asked if you're projecting out is there a market for your crop. Especially if you're looking at a rent increase. You may need to pause and look back at your financial plan to see if it pencils out at that acreage. I've seen other orchard crops attempted. Are you looking to export.

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Dr. Azari replied we will consider marketing and sales and see if we can sign contracts for any of these crops, before we really get into them. That's why we want the freedom to choose certain crops that may be more profitable when the time comes. It's not that we're really locked into those crops,

Member Okimoto said his concern with the plan to utilize land at 20% per year is that it amounts to land banking. ADC's concern is getting food crops out to the general public as soon as possible. He would rather see a plan that takes two years and uses less land and see if you're successful before moving forward to get more land. He is concerned that you're asking for credit up front before you even start.

Dr. Azari said we are asking for rent credit. To make the economics pencil out that means clearing then planting the entire thing. That would be ideal. But it's a matter of time. It's not a sprint. We have 35-years, so we plan accordingly so we can survive and be sustainable rather than spend all our capital up front. We are planning for the long term.

Chair asked if there was any more Board discussion. Hearing none, Chair informed Dr. Azari that this presentation was for information purposes and no decision would be made today.

### **2. Update for the 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**

Chair called on Mr. Takemoto for the Hartung presentation.

Mr. Takemoto updated the Board on the agreement approved on January 16, 2025, where the Board allowed Hartung to put approximately 1,660 acres of land under Hartung license agreements LI-08202 and LI-K0801 into a managed fallow program. Hartung will continue to farm approximately 144 acres. This impact on ADC's revenue is about \$249,000 per year.

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

Mr. Uyehara stated that he was available to answer any questions on behalf of Hartung.

Chair asked if there was any Board discussion.

Member Cooke stated that Hartung is a pretty key organization here. How does that affect KAA and their management of the lands.

Mr. Uyehara said as president of the KAA board, KAA is substantially affected. Hartung brought the majority of revenue to KAA. It makes it urgent to resolve some of the outstanding issues related to license fees, KAA's cash flow, and management of the organization. It does highlight the arrangement with ADC and putting the onus on KAA to manage infrastructure related to unlicensed lands, placing that cost on the tenants and KAA. That is going to be a question going forward; how tenable that remains, just given

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that if we're not able to find a way to productively occupy so much of the land here. That's all stuff that has to be worked out in a future discussion.

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

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

Chair called on Ms. Gady for her ED report and mentioned that all the ED's weekly reports were available on the ADC website.

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

Chair asked if there was any Board discussion.

Member Wicker referred to the February 10th report, about the small animal industry. Who are these small animal industry people.

Member Watts left the meeting at 2:55 p.m.

Ms. Gady replied that the majority of the stakeholders are Kualoa Ranch, which has a large sheep and hog operation they would like to scale up, but there's no place to scale the production. This has hindered their ability to increase revenue. Another one is a major player that provides sheep to go under solar panels. And a family farming operation at maybe 5% capacity. They all want to grow their herds but they don't have a place to slaughter. Typically, you have sheep graze and it's the young sheep you slaughter. You need to keep turning your herd pretty quickly so they will be able to switch over to more meat sheep. They would immediately scale up their operation if they knew for sure that they had a place where they could slaughter. I'm also working with an entity that funds a number of small family farms, and they provide financing at really reduced rates. And we're bringing the story to the legislature. We can scale up food production for the entire state, but we have no place to slaughter animals. There's a tremendous urgency.

Member Wicker asked about the strategic plan and when it would be presented to the Board.

Ms. Gady said she inquired with OPSD [Office of Planning and Sustainable Development] last week to ask about capacity for fulfilling the terms of the MOA and it was suggested that UHDCDC help with the work or other subcontractors. Funds remain and could be given to UHDCDC or another entity to finish the project so those funds wouldn't lapse. Another option is to break it down into individual contracts that can go to individual contributors.

Member Wicker asked if UHDCDC had the capacity to do that.

Ms. Gady asked Ms. Makaiau from UHDCDC if she could speak on the issue.

Ms. Makaiau replied that she did have a brief conversation regarding what this project may look like. We have not put together any kind of scope or plan. UHDCDC is housed in the School of Architecture. We're supported by faculty and staff. We are a teaching

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practice, which means we pull in students from undergraduate and graduate programs across the university to conduct various types of research, depending on what the client, organization, agency, or scope requires. UHCDC does not have a clear understanding of this project and where gaps may be for the current MOA, but UHCDC is happy to discuss and help wherever we can.

Member Wicker also asked for an update on the Oahu and Kauai property manager positions.

Ms. Gady reported that she is definitely moving forward on that.

### **G. Adjourn**

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

Motion by Member Wicker; Second by Member Cooke.

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

The meeting was adjourned at 3:11 p.m.

**Date of Next Meeting:** The next meeting will be held on March 20, 2025, at 9 A.M.