

AGRIBUSINESS DEVELOPMENT CORPORATION

Minutes of the Board of Directors Meeting held Virtually on April 17, 2025

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

Pursuant to section 92-3.7, Hawaii Revised Statutes (HRS), this meeting was held remotely with Board members, Staff, Applicants, and the Public participating via Zoom meeting venue, and an In-Person meeting location available for public participation at the State of Hawai‘i, Leiopapa A Kamehameha, State Office Tower Building, 235 S. Beretania St., Suite 204, Honolulu, HI 96813.

Members Present, virtually:

Lyle Tabata, Kauai County Member, Chair (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)
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 Trump)
Jayson Watts, Maui County Member (Member Watts)
Dane Wicker, Designee for DBEDT, Ex-Officio Member James Tokioka (Member Wicker) (entered the meeting at 9:08 a.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)
Lyle Roe, Asset Manager (Mr. Roe)
Ingrid Hisatake, Executive Secretary (Ms. Hisatake)

Guests Present, virtually:

ADC Guest
Allison Fraley (Ms. Fraley), County of Kauai
Andre Bisquera (Mr. Bisquera), Longroad Development Company, LLC
Britany Heyd (Ms. Heyd), Mana Up
Dane's notetaker
Dexter Kishida, Department of Transportation
Elena Bryant (Ms. Bryant), EarthJustice
Eric Minutella (Mr. Minutella)
Farm to Fudge Maui, Janice LaFontaine (Ms. LaFontaine)
Guest Guest
Hannah Valencia, University of Hawaii Community Design Center (UHCDC)
Joshua Uyehara (Mr. Uyehara), Kehaka Agriculture Association (KAA)
Karen Hanada (Ms. Hanada), UH Maui Food Innovation Center

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Kimi Makaiau (Ms. Makaiau), UHCDC
Kylie Wager Cruz (Ms. Cruz), EarthJustice
Len Gonzales (Mr. Gonzales)
Lyle's notetaker
Malachi Burrows
Meli James (Ms. James), Mana Up
Mike Faye (Mr. Faye), KAA
Scott Ishikawa, Becker Communications
Trish Yamada
UH Maui Food Innovation Center, McKenna Lickle (Ms. Lickle)
Wren

Guests Present, physical location:

None

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. 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 none the motion would be approved on the same basis as the roll call.

Roll call: Chair, Member Cooke, Member Hong, Member Hurd, Member Kahahane, Member Okimoto, Member Okuhama, Member Seddon, Member Trump, and Member Watts acknowledged their presence with no one in the room with them. Member Wicker entered the meeting at 9:08 A.M.

Members were reminded to have their cameras turned on and remain on screen during the meeting, especially during the vote so the record will clearly reflect who was present at the time the vote was taken.

B. Approval of Minutes

1. Regular Session Minutes, March 3, 2025

Chair called for a Motion to Approve.

Motion by Member Kahahane; Second by Member Cooke.

Chair asked if there was any Staff presentation. 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.

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Chair called for the vote. Hearing no objections or abstentions, the motion to approve the March 3, 2025 regular session minutes was unanimously approved: 10-0.

2. Regular Session Minutes, March 20, 2025

Chair called for a Motion to Approve.

Motion by Member Cooke; Second by Member Okimoto.

Chair asked if there was any Staff presentation. 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 to approve the March 20, 2025 regular session minutes was unanimously approved: 10-0.

3. Executive Session Minutes, March 20, 2025

Chair stated that during the executive session held on March 20, 2025, the Board discussed agenda item F-2, an update by the Department of the Attorney General on the National Pollutant Discharge Elimination System permit for the Mana Plain on Kauai, and agenda item F-3, an update by the Department of the Attorney General on the lawsuit filed by Public First Law Center under Civil No. 24-0000050, First Circuit Court. 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 on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities. In order to maintain the 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 when discussing approval of these minutes.

Member Wicker entered the meeting at 9:08 A.M.

Chair called for a Motion to Approve.

Motion by Member Okimoto; Second by Member Watts.

Chair asked if there was any Staff presentation. 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 to approve the March 20, 2025 executive session minutes was unanimously approved: 11-0.

C. Chairperson's Report

1. None.

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D. Committee & Permitted Interaction Group Reports

1. Presentation of the report and findings of the permitted interaction group regarding the Lieutenant Governor's Washington, D.C. trip on March 23 – 26, 2025

Chair called on Member Watts for the report.

Member Watts thanked the Chair for creating the permitted interaction group so the Board could be transparent with the public. This was the Lieutenant Governor's Second Annual Hawaii USDA [United States Department of Agriculture] Policy Summit. Member Watts was chair of the group, Member Trump was vice-chair, and two ex officio members, Member Hurd and Member Wicker were the final two members of the group. All attended in their individual capacities and not as ADC Board members. Executive Director Ms. Gady represented ADC. Some of the key takeaways from the summit were strong interest in Hawaii by USDA, specifically biosecurity and market access and federal rural infrastructure goals. No Board business was conducted.

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 dissolved the Lieutenant Governor's Washington, D.C. trip permitted interaction group.

2. Presentation of the report and findings from the standing Administration Committee meeting held on March 28, 2025 regarding the Kauai Rent for new licensees

Chair called on Staff to provide the committee report and noted that no submittal was attached to the agenda.

Ms. Hisatake reported that Mr. Takemoto was unavailable to provide the summary right now.

Chair moved on to the next agenda item and would return to this matter when Mr. Takemoto was available.

3. Report on the standing Marketing & Communications Committee inaugural meeting held on April 8, 2025

Chair called on Member Watts to provide the report.

Member Watts remarked that he did not have a written report. The inaugural meeting was on April 8, 2025, he was elected chair and Member Cooke was elected vice-chair. The goals for the committee were to reengage with Becker Communications; increase public awareness of ADC's mission, projects and partners; improve communications with stakeholders and the general public; develop strategies in support of sustainable agriculture, food security, and land stewardship; and support marketing efforts such as value-add production or ag tourism. ADC should also participate in the State Farm Fair,

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Made in Hawaii Festival, and Hawaii on the Hill. And ensure marketing aligns with legal, cultural, and community standards.

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.

2. RETURN TO Presentation of the report and findings from the standing Administration Committee meeting held on March 28, 2025 regarding the Kauai Rent for new licensees

Chair recalled Mr. Takemoto to provide the committee report on the Kauai Rent for new licensees.

Mr. Takemoto reported that in the interest of saving time this informational report would be included in Action Item E-4.

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 withdrew this item, which would be covered in Agenda Item E-4.

E. Action Items

1. Request for approval to issue a new license agreement to the County of Kauai for 0.25 gross acres, more or less, of land for the certified redemption center operations in Kekaha, District of Waimea, County of Kauai, State of Hawaii, Tax Map Key No. (4) 1-2-002:001 (por.)

Chair called for a motion to approve.

Motion to approve by Member Okimoto; Second by Member Wicker.

Chair called on Staff for the presentation.

Mr. Roe stated this is a continuation of operations for Kauai County's certified redemption center using a little less than a quarter acre in Kekaha. One change, instead of a contractual agreement with the county this will take the form of a license with rents coming to ADC, and KAA reserving the right to charge a common area infrastructure fee. Ms. Fraley from Kauai County is here to answer any questions.

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 added this operation was originally set up as a public service to provide the Kekaha community with a recycling location.

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Mr. Roe stated that before the rent was going to KAA; now the rent will go to ADC so we can capture the OHA and DHHL entitlements and allow KAA to assess their infrastructure fee.

Chair asked if there was any further Board Discussion. There was none.

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

2. Request for approval to issue a right-of-entry agreement to Longroad Development Company, LLC for energy transmission line research purposes in District of Waialua, City & County of Honolulu, State of Hawaii, Tax Map Key Nos. (1) 6-4-003:016, 6-5-002:008, :031, :010, and 7-1-001:003

Chair called for a motion to approve.

Motion to approve by Member Wicker; Second by Member Watts.

Chair called on Staff for the presentation.

Mr. Roe said this request was for a right-of-entry for Longroad Development through several ADC properties. Exhibit A shows the properties outlined in yellow. The map with the sort of hash marks in red are properties that are already licensed. One property is Kelena Farms and the other is SJ Farms. The submittal contains the recommendations, which has a series of conditions requiring Longroad to coordinate with the licensee and it gives the licensee the final say on where, when, how, and how long they get access. The fields are planted so if Longroad damages any of the crops they have agreed to pay damages. Excessive damage would be grounds for termination of the right of entry. The term is one year. Mr. Bisquera from Longroad is here for questions.

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

Chair asked if there was any Board Discussion.

Member Hurd asked where the solar project would be developed.

Mr. Bisquera replied that Longroad had purchased land from Dole in Helemano by the military installation. The solar project would be located above Plantation Road. That is one parcel the project would be on. The area is currently used for ranching.

Member Hurd asked if the land was class A or B.

Mr. Roe clarified that the request is not to put solar on ADC land. Their request is for transmission lines from the solar site to grid connection points.

Mr. Bisquera said special use permits were required, and we have for another project on the island that's on Class B and C.

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

3. Request for approval to issue a new license agreement to ITC Water Management, Inc. for 1.0 gross acre, more or less, of land for base yard purposes in Kekaha, District of Waimea, County of Kauai, State of Hawaii, Tax Map Key No. (1) 1-2-002:001 (por.)

Chair called for a motion to approve.

Motion to approve by Member Hurd; Second by Member Okimoto.

Chair called on Staff for the presentation.

Mr. Roe stated that ITC is a current land user. ITC had a previous agreement with KAA where ITC had use of the property while working on a project with KAA. The agreement expired and they have been paying month to month since then. ADC believed the arrangement was temporary, but ITC's property has been stored on site for some time. ITC has been paying KAA \$100 per month. This license will raise the fee to \$150 per month for base yard purposes. KAA can also collect common area maintenance fees. ITC primarily works with agriculture, which would fit within ADC's mission.

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

Mr. Faye stated that ITC has been very helpful in supporting ag and he noted that the property outline on the map on page 052 was in error. The part closest to the road shows some tanks that are not part of the base yard.

Chair asked if there was any Board Discussion.

Member Hong asked how the \$150 amount was decided and does ITC have an operational plan. Are the projects with ADC or just KAA. Is this an agricultural operation or a commercial operation where commercial rates should apply.

Mr. Roe responded that commercial rates for Kekaha have not been approved yet. ADC bumped up the rate to \$150 in the absence of an approved commercial rate. The term is five years.

Member Hong stated it was a short-term license but there's a commercial element to the property. It's a typical base yard and the market rate is higher than \$150.

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

Chair called for the vote. Member Hong objected.

Chair conducted a roll call vote:

Chair:	Yes.
Member Cooke:	No.

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Member Hong:	No.
Member Hurd:	Yes.
Member Kahahane:	Yes.
Member Okimoto:	Yes.
Member Okuhama:	Yes, with a comment that a commercial rate does not fit in with diversified agriculture. It's either pasture or diversified ag. We haven't done an analysis for an exception of commercial on ag land.
Member Seddon:	No.
Member Trump:	No.
Member Watts:	No.
Member Wicker:	No.

Chair announced that the motion failed. Vote: 5 yes and 6 no. The matter will be sent to the Administration Committee to establish a fair and reasonable commercial rate for all ADC property, not just Kekaha.

Member Hurd commented that the legislature established a third category of land lease for the Hawaii Department of Agriculture (HDOA) several years ago called agricultural enterprise. HDOA is currently in the rule making process to include that third land lease category.

Member Watts asked if it was appropriate for him to comment on a pending matter before the Board, which links to this question. Would it be appropriate to go into executive session?

Ms. Prescott-Tate asked if the comment involves the business entity that is the subject of this agenda item.

Member Watts replied no but it's relevant to the discussion.

Ms. Prescott-Tate clarified that the question under discussion was whether to give ITC a five-year license, yes or no. If it's something other than that, it would be better to address any comments to the Administration Committee.

Member Watts agreed that it would be appropriate.

4. Request to accept and approve the recommendations of the Administration Committee regarding the Kauai Rent Rates for new licensees

Chair took agenda item E-5 out of order and would return to E-4 afterwards.

5. Request for approval to request the set aside of the East Kauai Irrigation System from the Hawaii Department of Land and Natural Resources to the Agribusiness Development Corporation

Chair called for a motion to approve.

Motion to approve by Member Okuhama; Second by Member Cooke.

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Chair called on Staff for the presentation.

Mr. Roe stated that ADC was looking to acquire the East Kauai Irrigation System (EKIS). During the 2024 legislative session ADC received funding for a manager and three water workers for the EKIS water system. Staff asked the Board to approve ADC's request for DLNR and the Governor's office to set aside the EKIS to ADC via Executive Order. This is the Board's opportunity to weigh in on this proposition. The map was omitted from the submittal package. Mr. Roe shared his screen so the Board could understand the extent of the system. This map is from the HDOA feasibility study. The Wailua reservoir that would come over to ADC. The reservoir draws water from two areas. The storm portion here, which is currently inactive and the Kapaa stream intake, which feeds the upper Kapahi reservoir. The Wailua reservoir currently serves two entities; one is an ADC tenant. ADC seeks to reactivate this storm intake and pull a line from the reservoir and use those two portions of the system to provide irrigation to the upper portions of our Kalepa property, which would potentially convert some of the ranching properties into agricultural lands. Portions of the land are overgrown and need to be cleaned and rehabilitated. There are some areas where piping needs to be installed because of earthen tunnels that keep collapsing. This area in lower Kalepa, ADC currently has some diversified ag tenants that receive water through this portion of the Hanamalu ditch. ADC needs to obtain some piping and pipe those portions that go under the tunnel so the system is reliable.

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

Chair asked if there was any Board discussion.

Member Kahahane stated that the submittal noted the legislature appropriated \$500,000 to ADC to acquire, manage, and rehabilitate the system. That does not appear to be enough. Does ADC have an idea what the capital costs would be to rehabilitate the system and the reservoirs? Water storage will be important.

Mr. Roe said the Upper Kapahi Reservoir and Wailua reservoir are in good shape. They both had work done recently and are in pretty good condition. ADC would be taking on some liability. ADC will be hiring some workers to manage that. The \$500,000 was startup costs. ADC was procuring things like vehicles, startup equipment for the workers to be able to do their job safely. The bigger question would be the cost to rehabilitate the entire system. The HDOA feasibility assessment was believed to be approximately \$30 million to restore the system back to its glory days. ADC will decide what portions to reactivate and rehabilitate to serve the needs of ADC's tenants and other agricultural entities in the area when the funds become available.

Ms. Gady stated that some of the costs have been annotated in ADC's five-year CIP [Capital Improvement Project] plan. ADC sought to step in because DLNR was going to decommission the entire system, which would impact ADC's Kalepa lands and would also deprive DHHL lands of water. This system provides water for food generating farmers.

Member Watts asked what state agencies have users on this system.

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Mr. Roe replied DLNR, DHHL, the Fern Grotto, and ADC tenants.

Member Cooke asked what percentage of the Kalepa lands receive irrigation now.

Mr. Roe responded not much. The amount will not be increased until piping and reactivation of the system begins, connecting the Wailua reservoir, then combining those two systems and essentially creating a pipeline from the top of the property straight down through with stub outs to the various units.

Member Cooke asked what percentage of water would be supplied after the rehabilitation was completed.

Mr. Roe replied, one hundred percent of the arable lands. But there are still some issues regarding water rights.

Ms. Prescott-Tate noted that a member of the public wished to give testimony.

Ms. Bryant stated that she was not familiar with the farmers mentioned but was very supportive of ensuring that DHHL and food farmers have consistent and regular access to freshwater resources. But she expressed concerns with ADC taking over this system given all the difficulties ADC has managing the system in West Kauai, the Kekaha and Kokee ditch irrigation systems. There's been a lot of trouble getting things managed appropriately and in a timely fashion. She asked for caution in this big undertaking.

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

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.

4. RETURN TO Request to accept and approve the recommendations of the Administration Committee regarding the Kauai Rent Rates for new licensees

Chair returned to agenda item E-4 and called for a motion to approve.

Motion to approve by Member Cooke; Second by Member Hong.

Chair called on Staff for the presentation.

Mr. Takemoto explained that at the March 28th, 2025 Administrative Committee meeting the Committee recommended a Kauai license fee rate of \$235 an acre a year for Kekaha lands. The diversified agriculture rate for Kalepa was \$200 an acre a year, and the Kalepa pasture rate was \$50 an acre a year. The Committee did not make a recommendation for the CAM [common area maintenance] because the Committee was unable to ascertain the scope of work included in the CAM fees. The Administration Committee requested that Staff obtain audited financial records related to KAA and Kalepa Coalition's CAM assessments so the Committee can better understand the scope of work and costs

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involved. The request was for the Board to approve the recommendation of the Administration Committee for the rental rates.

Chair asked if there was any public testimony.

Mr. Uyehara, from KAA, testified that unfortunately he was unable to attend the Admin committee meeting but through discussions with ADC Staff he discovered material issues with the appraisal. He confirmed that the appraisal was based solely on the Kekaha lands, so the appraisal was based on incorrect data. For example, the report stated that there was \$2.7 million in CAM expenses spent over a five-year period. In fact, the actual CAM spent over the last 5 to 6 years was closer to \$1.4 million per year. The appraiser also incorrectly calculated, based on 6,278 acres on their license, but about half of those acres are untillable lands. There are structural inaccuracies in the calculation. Perhaps the appraiser didn't understand the data, or he was given the wrong data. But those are some of the most significant issues in the calculations from the appraiser.

Chair asked Mr. Uyehara if he had reviewed the rent table in the submittal. The committee made license fee recommendations, not CAM.

Mr. Uyehara replied yes, he did look at the table, but he has issues with the CAM and the rent. The numbers are grossly incorrect. The other issue the Board should understand is that the Admin Committee's recommendation for CAM isn't binding because the right to set the CAM was given to KAA by the Restated and Amended Memorandum of Agreement (RMOA) between KAA and ADC. CAM was the cost to operate the property. You have to understand that number as a reflection of the current CAM, and not a number the ADC Board dictates to KAA, unless we revise the terms of the RMOA. To set the CAM we review operational costs and anticipated operational costs, we look at tenancy on the property, and that's how the CAM's set every year. KAA tries to keep the number as stable as possible and not cause major unexpected increases. CAM covers all our operations because we run the operational maintenance program for the property entirely from the CAM fees. KAA doesn't receive any funding from ADC or the State for regular operations.

Ms. Gady clarified that the Board was not taking action on the CAM. The CAM amount from the appraisal was provided for the Board's information. The Board does not have authority over the CAM. The Board only has authority over the license fees and these lands are ceded lands. The revenue will be shared with OHA and DHHL.

Chair asked to please refocus the discussion on the license rates.

Mr. Takemoto clarified that at the Admin committee meeting it was clear that ADC did not charge the CAM. The costs provided to the appraiser were ADC's costs, not KAA's costs. Because of the lack of information on the CAM assessment, the Admin committee made a request to staff to provide audited financial records from KAA and Kalepa to determine what the actual costs and scope of work that KAA and Kalepa Coalition perform, so they understand what's involved.

Member Hong reiterated that this request is to set the license fee going forward. New license fees only, not the existing license fees, and not the CAM.

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Member Cooke mentioned that these license fee increases may be revisited. This isn't necessarily a permanent number for the license fees.

Member Trump said it looks like there's a great discrepancy from the appraisal and the recommendations. I don't disagree with the recommendations from the Admin Committee. I think they're more realistic. Could the Admin Committee comment on why the appraisal license fee number was so high.

Mr. Takemoto said the appraiser checks what the current rent rates are from many of the larger landowners and what they charge. What are the rents they charge? Then they come up with a comparable. It's based off of existing rents currently being charged.

Chair stated that some East Kauai licensees did call in and participate with the Admin Committee and these rates on East Kauai were agreed upon after discussion with the current licensees. They felt the amount was acceptable compared to other lands, being leased from other entities in the vicinity.

Member Cooke recalled that the Kalepa lands had very little vacancies. Is that right?

Ms. Gady said out of 6,000 acres there's only about 165 acres that remain. We're 97% leased. Kalepa is a highly desirable location.

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.

F. Informational Items

The following items are for discussion only so there will be no need for a motion or vote on these matters.

1. Update regarding the status of the 2022 land awardees farm development progress

Chair deferred this agenda item until the next meeting.

2. Presentation by Kimi Makaiau with the University of Hawaii, Community Design Center of the draft report for the Product Innovation Network

Chair called on Ms. Makaiau for the presentation.

Ms. Makaiau stated she was a senior research associate at the UHCDC and last year we contracted to help the Hawaii Food and Product Innovation network (FPIN). UHCDC is a design center housed at the Manoa School of Architecture, established as a teaching practice. We operate at the intersection of government, research, education, and community. Our projects are led by faculty and staff across different departments. We are supported by both undergraduate and graduate students. We provide proof of concept services to public agencies and nonprofit organizations by assessing the feasibility of public interest projects. We gather community and stakeholder input, and we synthesize

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that to preliminary designs and costs for decision makers. In 2024, the Hawaii State legislature provided for the establishment of FPINs. This included the development of manufacturing facilities, to enable businesses to conduct research and development (R&D) and access technical expertise to scale up production. It allows them to utilize commercial services. The Wahiawa value-added product development center is located on land owned by ADC. It's a 33,000 square foot educational facility focused on R&D operated by Leeward Community College. It will soon connect to another ADC initiative via a pedestrian bridge being built by the DOT [Department of Transportation]. The bridge and pathway lead to the Central Oahu Ag and food hub. Planning for this food hub began about 10 years ago. The master plan includes production, high-tech greenhouses, high pressure processing, and DOE [Department of Education] is developing a regional kitchen. There's one industrial parcel in Kauai and one in East Hawaii. We have two primary educational R&D facilities. Two additional pilot scale processing facilities are currently being planned. The inaugural facility was going to be located at the Central Oahu. There's a food hub in Kahului. We recognize it's going to take more than just buildings and infrastructure to create a long-lasting and resilient ag sector. It's going to require an education pathway, more R&D facilities like the Maui Food Innovation Center (MFIC), expanding to Kauai and Hawaii Island community colleges, and scale processing facilities. One barrier to small and medium-sized businesses is a lack of contract manufacturing. The parcel in Mililani Tech park could fill this void. Implementing this plan is aimed at improving our overall long-term food security and ag resiliency by shifting from an import economy to a more circular economy. More information is available at engagehawaii.org. There are some producers and stakeholders who will be testifying.

Mr. Minutella stated that he is the co-founder of a product and lifestyle brand called Sun Moon Maui, created in partnership with MFIC. Sun Moon as a Hawaii based business. The core product line is derived from citrus, lemon, limes, and oranges and we are focused on being a sustainable and regenerative operation. We are launching a fresh citrus juice that will be distributed locally to businesses on Maui. We're growing quickly. Our goal is to be inclusive of small and large independent farmers on all islands. We will help these farmers prosper through product development from fresh juice, citrus liqueur, salad dressing, and baked goods, all derived from citrus. Our relationship with MFIC is critical to our R&D efforts. We have a very aggressive timeline for growth and servicing these businesses that embrace these locally grown and manufactured products. This is achievable for us, and we look forward to being mutually beneficial to the community, Maui, and Hawaii.

Ms. LaFontaine stated that she is the CEO and founder of Farm to Fudge Maui, a locally and organically sourced dark chocolate coconut Vegan fudge using nutrient rich ingredients for a cleaner and healthy indulgence. She is a functional nutritionist who is big on supporting local farmers practicing organic, sustainable regenerative practices. She is a graduate of the MFIC program, current user of the MFIC facilities, and a recent cohort member of Mana Up. To grow our product, we need facilities beyond the R&D phase of what MFIC offers. For chocolate production you need a temperature-controlled space. It's hotter inside some commercial kitchens than outside. There are many food entrepreneurs where the determining factors to where they go next. We definitely need a larger space. The MFIC program is the reason why I was able to launch my food product. Now we just need a place to be able to scale and grow.

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Mr. Gonzales is the founder and chocolatier of Galleon Chocolate, a Maui based company making innovative chocolates inspired by Filipino flavors. My experiences growing a business on Maui, we all know that rent and real estate costs are high. Small food businesses like mine, at least in commercial kitchens and buying storefronts are almost financially impossible. Having a shared food production hub allows more entrepreneurs to enter the market without being priced out before they even begin. The permitting process for kitchen expansion is slow, fragmented, and difficult to navigate. We've been trying to get a permit to expand our kitchen for three years. Having this facility eliminates the burden of getting a facility up and running. Scaling is nearly impossible without proper tools. The ability to expand your kitchen cold storage, and use industrial machines allows fast scale up. And, often competitive markets like the tourist industry cause lost jobs. If this facility is built, instead of putting money into machinery and equipment, we could potentially offer higher paying jobs. We have the resources, the land provides vital ingredients, so having this food hub will allow us to focus on building great products to keep money circulating in our economy.

Ms. Lickle, from the UH MFIC, stated she is the program manager for MFIC. She just wanted to reiterate that Maui has entrepreneurs that we want to facilitate their growth, but the facility is small. She wanted to encourage the creation of sustainable food systems and sustainable packaging for food production.

Ms. Hanada is the administrator of MFIC and testified in support of the next level of a food manufacturing facility on Maui. MFIC is the incubator for many food startups by providing specialized training and access to R&D facilities. Due to a shortage of food manufacturing space on Maui, there is a great need for more infrastructure, so our startup entrepreneurs have a place to grow and scale. As you've seen today, we have many entrepreneurs who testified, and others submitted written testimony. They need a place to recover economically from covid and the wildfires. And to improve our state's food security. Please support the advancement of the product innovation network.

Member Watts said there was no doubt more space was needed for graduates of MFIC, and the next presentation was from Mana Up, but he had not heard anything about a site selection. Is there a proposed site and what is ADC's role in this project.

Ms. Gady replied that ADC's involvement was being legislatively driven, and no site has been selected.

Member Wicker said that the legislators from Maui were looking at taking over a facility for manufacturing. ADC's role will be in Phase 2, for commercialization of what's coming out of the education and R&D facilities. They need the next space to commercialize and test the market to see if there's a demand for the product. There is a similar structure of R&D to commercialization to export in New Zealand.

Member Watts asked if the purchase was already budgeted.

Member Wicker responded that the purchase would be under the department of accounting and general services for plan and design.

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3. Presentation by Joshua Uyehara of the Kekaha Agriculture Association regarding the draft National Pollutant Discharge Elimination System (NPDES) permit for the Mana Plain in Kekaha, District of Waimea, County of Kauai, State of Hawaii

Member Trump exited the meeting at 10:39 A.M.

Chair called on Mr. Uyehara for the presentation.

Mr. Uyehara stated that he was asked to provide a briefing to the Board.

Ms. Gady said she asked Mr. Uyehara to give a presentation that might lead to a discussion regarding strategy that may require executive session.

Mr. Uyehara said, yes, given that this pertains to ongoing legal proceedings and given KAA's relationship as a contractor for ADC to manage the infrastructure, there may be a basis for confidential discussions. Mr. Uyehara shared his screen to familiarize everyone with the scope of the watershed that's relevant to the draft NPDES permits under discussion. The ephemeral streams that are captured into this drainage area were outlined. On the extreme southeast corner is the Kauai County 400 property. In the early 2,000's this property was physically disconnected from the rest of the ADC property, and the drainage canal system. The disconnection was driven by unplanned accidental discharges from the wastewater treatment plant getting into the drainage canal system. This canal is attached to the Waimea 400 property, and this is the canal on Knudson's property, but then it becomes ADC property here. You can see by the difference in water quality. These things are not hydrologically connected. Then you have these other areas we call ravine drains. These sort of red lines with the arrows. You have a main canal and transfer ditches that connect all those ravine drains. It is possible to drain the entire area out of a single low point at the pump station. The outfalls for each ravine drain are possible to open. They open naturally during heavy rains and flash flood conditions. In some cases, you could not stop it from flowing directly to the ocean. That's sort of an overview of what the system looks like physically. When you look at the outfalls that are addressed by the draft permit they range from this end of the property to this end of the property. With this property in mind, one of the main issues we see with the draft permit is it joins the County with ADC. That doesn't make sense, hydrologically, because the systems are disconnected from each other. From a legal perspective that makes both entities jointly responsible for each other. That is the structure of the permit. Also, agricultural uses are broadly exempt. There are no confined animal feeding operations that require NPDES permitting. The water quality parameters and the sample requirements are not feasible. The volume of discharge from the outfalls that are allowed under the draft permit, in many cases, they seem to have been formulated without any review of the historical data. There's a certain amount of discharge that's required because of groundwater infiltration, to keep the area from being flooded. The draft permit sets limits far below the minimum average daily basis, as historically needed to keep the system operable and to prevent flood risk. HDOH promulgated Administrative Rules to cover nonpoint source situations, and to address large agricultural land areas in late 2021. That approach can be taken today and should be revisited in the context of these NPDES permits. Going back to the geographic layout of the system, each outfall is materially different. The system spans a significant range of the coastline up-stream of each of those outfalls are very different conditions. Some outfalls that pass through the center of the town affect and deal with all the issues related to the town. And then you've

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got the outfall at Nohili that just has conservation and Ag land upstream. That system can be physically segmented in a way that ensures that issues related to certain outfalls are no longer pertinent to other outfalls. That was the fundamental strategy behind separating the Waimea 400 area originally, just to ensure that the accidental or unplanned discharges from the wastewater treatment plant didn't become a problem for the entire system. One thing KAA would advocate is looking at generalizing that strategy for the rest of the property. In many cases the operational convenience of having everything connected is far outweighed by the legal ramifications of leaving it the way it is. Steps could be taken to sort of box in the major issues, to at least limit them to certain areas.

Member Okuhama exited the meeting at 10:49 A.M.

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

Ms. Cruz from EarthJustice who represented Na Kia'i Kai and Surfrider Foundation in the litigation that led to this NPDES Permit that Mr. Uyehara was presenting on took issue with number 2, 3, 4, and 5 of Mr. Uyehara's presentation. These are the issues we've already won in court. Essentially, what we have here is a man-made drainage ditch system on the Mana plain that was built in the sugar plantation era. These are all unlined ditches that drain a host of agricultural and industrial sources of pollution into the ocean. If those ditches were not in place, then what was there before was a thriving wetland ecosystem that would have filtered and slowed the flow to the ocean from all the streams that were shown on Mr. Uyehara's map. This is the heart of our case. If you create a point source, which is the ditches in this case, and discharge to the ocean, then that discharge needs to be covered under an NPDES permit. Mr. Uyehara proposes that because there are streams going down into the ditches no permit is required. But the court already rejected that view in the lawsuit. We take serious issue with the representations regarding issues 2, 3, 4 and 5 that Mr. Uyehara presented, because those views are legally invalid under the case that we've already won. And I don't see a basis for going into executive session to discuss this matter with KAA, since KAA and ADC are separate entities. KAA requested its own contested case hearing in the permitting matter so any discussions with KAA should happen before the public.

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

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

Chair asked if the Board wanted to move into executive session to speak with the Board's attorney. There was no request to move into executive session.

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

Chair moved on to Informational Item 4.

3. Mana Up Informational Brief by Meli James

Chair called on Ms. James to give the Mana Up presentation.

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Ms. James said she is the co-founder of Mana Up, which is connected to many of the folks that testified today. Mana Up works closely with UHDCDC folks and entrepreneurs with value-add products, manufacturing, and agriculture. Ms. Hyde and Ms. James started Mana Up about eight years ago, as an economic development initiative to help grow our local product industry. Our program focuses on companies who are creating products for export, on scaling, getting these companies to the next level to create more jobs and grow more revenue in the State. We have a high focus on food companies. We've had ninety-five companies come through the program. All are headquartered here, and a nice percentage of folks make their products here, as well as sourcing raw ingredients. This is an economic development initiative. On average, the ninety-five companies who've come through our program are averaging \$1.1 million in revenue and growing at a rate of 33%. We've represented 1,100 jobs as well. This is a statewide initiative. The accelerator program is for six months. We work on helping solve business challenges for the companies, whether that be packaging, branding, narrative, finance, sourcing, and all the things in between. We help them learn what their challenges are and help them solve them through mentorship resources and access to capital. Our later stage programming is for companies over a million plus in revenue. How do we help them get to \$10 million? Many of the folks that presented today are part of that process. These companies are looking to manufacture here and grow and increase exports. A lot of that's around capacity building; brand building; growing awareness of the amazing quality products we have here in the State. We also have our store and retail initiative. LA, Tokyo, and New York are hosting Aloha Markets, which have been record breaking. People are lining up to purchase products from Hawaii. Value add companies are gaining momentum. Companies are looking to source more ingredients here. Family farms are very important as well. We know firsthand what the challenges are and we're able to help. We've got 105 companies coming up. We've got some great partnerships as well as growing our resources. We're creating a stronger Hawaii and we're very aligned with the work that ADC is doing.

Ms. Gady noted that Mana Up can do things that ADC cannot. I think MFIC shows there are a vast number of food entrepreneurs waiting in the wings. These folks need help to scale up. That's where ADC comes in.

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

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

Member Wicker left the meeting at 10:58 A.M.

Chair stated that as a former sugar guy he would like to see a little cottage industry for sugar.

Ms. James replied that sugar cane was being grown for rum production.

Chair said that was exciting and will help the economic growth of our farming community.

Member Seddon left the meeting at 11:00 A.M.

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5. Executive Director's Report

Chair called on Ms. Gady for her Executive Director's report.

Ms. Gady reported that the Dole Well purchase was finalized, and it looks like we are going to close next week. It was humbling to be able to go meet with the Congressional delegation with some of the Board members as well as the individuals from Strategies 360. She asked the Board members to look at those CIP items that are in House Bill 300 to see what the entrepreneurs are asking for. A lot of the line items that are in our budget were line items that industry has requested from ADC such as the small animal slaughterhouse, and the pre-processing, post-processing facilities. The HPP RFP [high pressure processing machine request for proposals] was awarded last Friday. Mr. Nakamoto and I traveled to Los Angeles to see a seven HPP machine installation where they were making applesauce in packets that you see kids screw the cap off. And another one that bottled drinks that had different components and electrolytes in it. Another major milestone was awarding the contract for subdivision of the Whitmore Food Hub. We'll start to have those maps. And congratulation to Member Okimoto and Member Trump who were confirmed by the Senate, and they are now officially part of the Board.

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

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

G. Adjourn

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

Motion to adjourn: Member Okuhama; Second by Member Cooke.

Chair called for the vote. Hearing no objections or abstentions the motion was approved: 6-0 (Chair, Member Cooke, Member Hurd, Member Kahahane, Member Okimoto, and Member Watts were present for the vote).

The meeting was adjourned at 11:13 A.M.