

**AGRIBUSINESS DEVELOPMENT CORPORATION**  
Minutes of the Board of Director meeting for July 11, 2018  
Department of Agriculture Plant Quarantine Conference Room  
1849 Auiki Street, Honolulu, Hawaii 96819

Members:

Letitia Uyehara	Yukio Kitagawa
Lloyd Haraguchi	Leilyn Koev
Denise Albano	Margarita Hopkins
Sandra Klutke	Scott Enright, DOA
Robbie Melton, DBEDT	

Absent:

Douglas Schenk	Jeffrey Pearson, DLNR
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Guests:

David Cho, Senator Dela Cruz's office

Staff:

James Nakatani  
Myra Kaichi  
Lynn Owan  
Ken Nakamoto  
Todd Low  
Cindy Doi

Counsel:

Andrew Goff

A. Called to order at 9:10.

Chairperson Uyehara called the meeting to order at 9:10 am.

B. Approval of Minutes from the May 30, 2018.

Mr. Kitagawa moved to approve the minutes; Mr. Enright seconded the motion; motion carried unanimously.

C. Presentation by Pineapple Crate.

Item deferred.

D. Request for Approval to amend a Revocable Permit to Manoa Honey Company for storage space in Whitmore, Oahu; Tax Map Key (1) 7-1-02-09 (por).

Mr. Nakamoto made the presentation to amend a Revocable Permit to Manoa Honey Company for storage space in Whitmore. Manoa Honey has been storing apiary equipment in Whitmore since 2017 and has a processing facility in Wahiawa where they produce pure, raw, premium Hawaiian honey as well as specialty hive products. They are seeking additional covered storage space for apiary equipment. The request is for an additional 480 square feet which is storage warehouse located within the 24-acre property. The company is planning to store apiary equipment and materials such as wood, plastic containers, bee boxes and empty honey jars.

The recommendation is for approval to amend the revocable permit to Manoa Honey Company subject to the following terms and conditions: (1) term of this revocable permit shall be on a month-to-month basis; (2) base rent shall be \$98.00 per month; and (3) no subletting to be permitted without ADC's prior approval in writing.

Mr. Enright moved to approve the recommendations; Ms. Klutke seconded the motion. Motion carried.

E. Request for Approval to issue a lease to Helemano Farms LLC for residential purposes, Wahiawa, Oahu; Tax Map Key (1) 7-1-002-004 (por).

Mr. Nakamoto made the presentation for approval to issue a lease to Helemano Farms for residential purposes. The subject area is located on the 257 acres in Whitmore. The property was subject to various land agreements which ADC assumed when it purchased the land. Buildings A & B are located at 1116 Whitmore Avenue and comprise of 1,100 square feet which includes a single-family dwelling that is dilapidated and the grounds are overgrown with tall grass and trees.

ADC received a proposal from Helemano Farms to lease the dilapidated buildings for storage and residential use. In exchange for favorable lease terms and rent credits, Helemano Farms plans to repair the dwelling and assist ADC with securing state land. This includes reporting suspicious or malicious activities, installing signage and maintaining earthen berms and cement blockades along Whitmore Avenue. Helemano Farms' proposes to make improvements in exchange for rent credits: roof rust removal and treatment, repair leaks with roof coating and paint- \$7,500; bathroom & kitchen – replace fixtures, vanities and cabinets; minimal repairs for plumbing - \$4,000; electrical – replace light fixtures, outlets and wiring to bring both structures to code completed by a licensed electrician - \$4,000; general repairs – replace all broken windows, doors, and locks, repair flooring and siding, repaint both structures inside and outside - \$8,000. Total estimated cost of improvements is \$23,500.

Helemano Farms initial plans are to clear the overgrown grass and brush and repair the buildings. For security reasons, they plan to park a mobile trailer home onsite while the buildings are being refurbished. Upon completing the repairs, intends to sublease the dwelling to their farm manager who is responsible for operating and securing their farm in Whitmore. The ADC will review the agreement between Helemano Farms and its

farm manager prior to issuing a written approval to allow them to sublet the dwelling for residential use. The other building will be used to store materials and equipment for their operation.

The recommendation is to approve the issuance of a lease to Helemano Farms to serve as a personal residence for their farm manager and storage in exchange for assistance as an on-site caretaker and securing state land with the following terms and conditions: (1) term of the lease shall be for 5 years with mutually agreed upon option to extend another 5 years; (2) base rent shall be \$500 per month for both buildings; (3) rent credit with the maximum of up to the total of \$23,500 may be applied; (4) lessee shall pay its share of utilities; and (5) subletting may be permitted with ADC's prior approval in writing.

Mr. Kitagawa moved to approve the recommendations; Mr. Enright seconded the motion.

Mr. Kitagawa asked if Helemano Farms has another building which is not a residential building. Mr. Nakamoto replied yes. The area being requested is zoned residential and Dole has been using it as residential.

Ms. Klutke asked if extended for an additional five years, will the rent remain at \$500. Mr. Nakamoto replied it will be mutually negotiated and this is a master plan area. In their lease it will have a reopening clause. Ms. Klutke asked about Helemano using a mobile trailer while renovations are being made, will we make sure that the trailer is gone when it is done. Mr. Nakamoto replied yes we will make sure it is gone and stress that it be mobile. Mr. Klutke asked whether the \$500 collected will be credited to their \$23,500 that they plan to spend for renovations. Mr. Nakamoto replied it is capped at \$23,500 and cannot exceed that and could be under but we would need to see invoices for the repairs. The rental agreement between Helemano and the farm manager needs to be looked at ahead of time before it is finalized to see that no profit is being made.

Motion carried unanimously.

F. Request for Approval to amend License No. LI-K1503, issued to Kekaha Farms/Under Da Mango Tree, LLC, to reduce their rental area from 68.57 acres to 5.81, in Kekaha, Kauai, Tax Map Key No. (4) 1-2-02-001 (por), and to continue LI-K1503 under reorganized membership of the LLC.

G. Request for Approval to amend License No LI-K1001, to Sunrise Capital, Inc. to reclassify 182 more or less acres from tillable to non-tillable land and to discontinue exception of their current decreased rental rate for the tillable acres.

Items F and G has been deferred. The required back up information was not received by the tenants.

Ms. Klutke commented that she talked to Kekaha Farmers. Ms. Owan stated that they have not turned in their documents in time for today's meeting and have been trying to get this reduction for a couple of months so they could request a retroactive credit

adjustment. Besides the reduction in rent, Kekaha Farms is changing the structure of their LLC. Staff will follow up with Kekaha Farms and hopefully by next month they would get their documents together.

H. Approval to negotiate the fee simple interest in real property located on Oahu, owned by the University of Hawaii, identified as Tax Map Key(s) 5-8-001-013, -055, -007, and possible -006.

Chair mentioned that this item was deferred from the last meeting. Regarding this issue the Board would need to go into executive session to discuss this item.

Mr. Enright moved to go into executive session; Mr. Haraguchi seconded the motion; motion carried unanimously.

Mr. Enright moved to get out of executive session; Ms. Melton seconded the motion; motion carried unanimously.

Short recess called at 10:30 am

Ms. Albano moved to go forward to negotiate for this property. The negotiation should be carried out with due diligence as quickly as possible and updates should be made to the board on the status of these discussions; Mr. Haraguchi seconded the motion. Motion carried unanimously.

Executive director's reports and updates.

1. Waiahole Ditch System – Supervisory Control and Data Acquisition
2. Whitmore Project Master Plan Environmental Assessment
3. Fiscal Year 2019 – Capital Improvement Projects

Mr. Nakatani reported on the three items. The first, to help improve the operational practices of the Waiahole Ditch System, the HDOA, Agricultural Resource Management Division installed a Supervisory control and data acquisition for remote monitoring and controls. This water monitoring system will provide real-time data which will significantly reduce operating cost, while improving system performance and reliability.

The second is on the Whitmore Project Master Plan Environmental Assessment – ADC has selected PBR Hawaii & Associates, Inc. to provide services for a Hawaii Revised Statutes Chapter 343 environmental assessment (EA) for the proposed Whitmore Project Master Plan. This task involves the preparation of a draft and final EA meeting the requirements of HRS Chapter 343, with the goal of reaching a finding of no significant impact (FONSI).

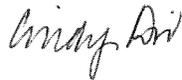
The third is FY 2019 Capital Improvement Projects – Waiahole Water System Improvements, Kunia, Oahu - \$4,000,000; Agricultural Land, Oahu - \$4,700,000; Kekaha Ditch Irrigation System Modification, Kauai - \$3,600,000.

Mr. Kitagawa asked for an update on the Galbraith lands. Mr. Nakatani stated that we are finding that leasing to the immigrants needs to be looked at because presently is not working. Maybe looking at a partnership and work under a partnership. No subletting so we are looking at models on this partnership. We are still looking at other scenarios on the further use of the lands. Mr. Nakatani said it's the conservation plan that is still a hang up. Also maybe build a smaller reservoirs for some of the farmers.

Mr. Kitagawa stated that the issue for the small farmers were preparing their conservation plan. Mr. Nakatani said DOA has two positions as planners to do in-house planning for conservation plans. Hopefully they would have the capability to do conservation plans much quicker. Ms. Klutke said that conservation plan is the problem on Kauai because their farmers are hesitant to come on state lands because there is no one to help them to do their conservation plan.

Meeting adjourned at 10:50 am

Respectfully submitted,



Cindy Doi  
secretary