

AGRIBUSINESS DEVELOPMENT CORPORATION
Minutes of the Board of Directors Meeting of April 24, 2019
1849 Auiki Street, Honolulu, Hawaii 96819

Members:

Lloyd Haraguchi	Yukio Kitagawa
Sandra Klutke	Margarita Hopkins
Leilyn Koev	Denise Albano
Douglas Schenk	Kaleo Manuel, DLNR
Phyllis Shimabukuro-Geiser, DOA	

Absent:

Letitia Uyehara	DBEDT
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Guests: None

Staff:

Counsel:

James Nakatani	Andrew Goff, Deputy Attorney General
Myra Kaichi	
Lynn Owan	
Ken Nakamoto	
Todd Low	
Cindy Doi	

A. Call to Order.

Lloyd Haraguchi, Vice-Chair called the meeting to order at 9:05 am.

Chair Uyehara is not present today. Her term as a member of ADC will be ending tomorrow. Mr. Haraguchi wanted to thank her for her leadership and hope to get together with her soon.

B. Approval of minutes from the March 27, 2019 meeting. – Deferred

C. Request to Adopt the Land Investigative Committee’s Recommendations for Developing a Solicitation to Interested Farmers.

Mr. Nakamoto made the presentation. The ADC is preparing to solicit applications from interested farmers to fill its vacant agricultural lands. The committee has been asked to help ADC develop its solicitation to interested farmers and review and rate land applications. The purpose of this meeting was to develop the contents necessary to an applicant in the request for application, a distribution strategy; and a deadline to receive applications. The committee met

with ADC staff to inquire about the solicitation process, application requirements and land development timeline to help attract and retain highly qualified farmers to increase local food production.

Some of the recommendations were: make certain changes to the application by adding language about the requirements. The information requested will show ADC how the applicants plan to run their businesses. Expand the outreach and solicitation to other groups, organizations and entities.

The conclusion is that ADC's land application process is a work in progress. Its goal is to develop a process to find the most qualified applicants and award land license based on merit. Refining the request for application will inform interested applicants of its preferred qualifications.

The recommendation is to adopt the Land Investigative Committee's recommendations for developing a solicitation to interested farmers. Also a draft letter was included on the submittal which will be sent to interested farmers and groups and organizations. The deadline for submitted applications is presently set at June 30, 2019.

Ms. Albano moved to move the recommendation; Ms. Klutke seconded the motion.

Ms. Klutke asked how many acres are available. Mr. Nakamoto replied at Galbraith there are about 10 to 88 acres available and has individual plots. There are a total of 12 plots of which 4 plots are available. At Whitmore there are about 120 usage acres out of 194 total. The rest is gulches and forest areas.

Ms. Hopkins asked on the Food Safety, is this for farm certification. Mr. Nakamoto replied we added bonus points for being food safety certified. It is not mandatory because there is no state law. Good farming practice is synonymous together with food safety. It's the same where the farmer would get bonus points for good farming practices.

Mr. Nakamoto mentioned that any incomplete application will be put on the side and looked at after all the applications are completed.

Motion carried unanimously.

D. Request for Approval to Issue a License to Dole Food Company Inc. for 22.8 acres of land in Waialua, Oahu.

Mr. Nakamoto asked that this item be deferred due to more information from Dole is needed.

Item deferred.

E. Request for Approval to Issue a Revocable Permit to Guardian Transport Services LLC for an uncovered open area located at 1001 California Avenue, Wahiawa, Oahu, Tax Map Key (1) 7-1-12-16.

Ms. Owan made the presentation. She gave a background on the Tamura Warehouse that was purchased in 2013 of B-2 zoned land. Guardian Transport Services (Guardian) is a trucking company certified to derive such vehicles as dump trucks, end dump trailers, flat rack trailers and tanker trailers on State highways. Guardian requests to park its trailers and dump trucks on an open area adjacent to the building along Plum Street while the vehicles are not in use. Ply boards will be kept under their vehicles to prevent any oil or grease from dripping onto the ground. Vehicles will not be washed on the premises.

The recommendation is to approve the issuance of a revocable permit to Guardian Transport Services at 1001 California Avenue, in Wahiawa subject to the following terms and conditions: 1) term of this RP shall be on a month-to-month basis; 2) base rent shall be \$100 per month; 3) all steps shall be taken to ensure that oil and grease do not drip on the ground at the subject premises; 4) no utilities are available to this site; 5) no subletting is to be permitted without ADC's prior approval in writing.

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

Mr. Kitagawa stated that the premises should be tended to of weeds and should be checked once in a while to make sure it is clean. Ms. Owan replied that staff will go out to check on the property once in a while. Mr. Kitagawa stated that he will also check the property. Mr. Nakatani said it is for a short term and to have someone there to have a presence is a good idea because of homelessness, illegal dumping and illegal parking.

Motion carried unanimously.

F. Request to Amend Previous Approval Dated February 20, 2019 to Issue a License to Kokee Farms for Land located at Kekaha, Kauai; identified as a Portion of Tax Map Key (4) 1-2-02-01.

Mr. Nakamoto made the presentation. He stated that this item was previously approved to Kokee Farms however they requested a few amendments before signing their license. There are a few improvements that need to occur before Kokee Farms can begin planting. They are contemplating planting 5 acres of coffee and perennials, then 10 more acres per year. Because it will be at least three years until the first crops are ready for harvest and due to the many unpredictable factors within agriculture, Kokee Farms request that the payments be based on the actual planted and utilized land that will be updated on an annual basis and deferred for years 1 - 3 of the License.

The recommendation is to approve the issuance of a 35-year land license to Kokee Farms in Kekaha, Kauai subject to the following terms and conditions: 1) term of this license shall be for 35 years; 2) the annual fee is based on the rate of \$150 an acre; year 1-3 defer payment and Year 3-10 \$150 per acre (based on acres in production and utilized land); 3) annual rental shall re-open every 10th year of the term; 4) Licensee shall pay an annual maintenance fee to the Kekaha Agriculture Association that would cover water delivery rates, and other incidental,

administrative and infrastructure costs; 5) no sublicensing the whole or any portion of their premises without the prior written approval of the ADC Board.

Mr. Kitagawa moved to approve the recommendations; Ms. Hopkins seconded the motion.

Mr. Schenk asked if Kokee Farms would receive any consideration from KAA on their cost. Mr. Nakamoto replied KAA will be charging a fee but does not know if it will be the full fee.

Motion carried unanimously.

G. Request for Approval of Green Energy Team LLC's Request to Remove Basalt Rock from nit GE(m) Under LI-K1102, in Kalepa, Kauai, Tax Map Keys: (4) 3-9-01-02 and (4) 3-9-02-01.

Ms. Owan asked for deferred. Mr. Haraguchi asked that more information be given before coming back.

Mr. Kitagawa asked about the minimum acceptable level which was mentioned on one of the recommendations. What does that mean? Ms. Owan replied that we encountered problems with taking of soil in Kekaha by Waste Management where the ground level became too low so there was a concern and needed to stop that activity. We do not want to encounter that kind of problem. More information should be given to the board members regarding this.

Item deferred.

H. Request for Approval of Hanahanapuni Farm's Proposed Amendment to the Land Utilization plan for 287 acres of Unit L in Kalepa, Kauai, Tax Map Key (4) 3-9-02-01.

Ms. Owan made the presentation. She gave background that in July 2013 the Board approved the issuance of a 35-year license for 287 gross acres in Unit L to Ginger and Cholena Bray. The license was drafted, and the Brays requested to amend their application and change the name to Hanahanapuni Farm. The Board approved the amendment at its April 23, 2014 meeting. The applicant's plan is to use Unit L as not as a conventional crop farming. Their plan is to grow some diversified crops and raise some cattle and cultivate a Native Hawaiian plant nursery to be used for traditional purposes. When the property was first inspected in 2012, the premises was rated as good. In 2014, the applicant embarked on an ambitious plan to expand the diversified ag activity. However they experienced setbacks and the crops could not be sustained. They recently purchased a tractor and will resume clearing the land. They will continue to cultivate native Hawaiian plants and transplant them in the valleys. The applicant is working on its conservation plan in cooperation with the Kauai Soil and Water Conservation District. In conclusion, the applicant has been a hold over on its revocable permit because they could not agree on the terms of the license and felt that there was a discrepancy in the untillable acreage. However, since their license was approved by the Board, they have been payment the license rate of \$30 per acre per year for 99 acres of pasture. We are now in agreement on the terms and conditions of the license. Their rent will be based on 71.51 acres of pasture at \$30 per acre per year and 12.21 acres of diversified ag at \$100 per acre per year. Their rent will increase from

\$247.50 per month to \$280.53 per month. The recommendation is to approve the amendment of the land license to Hanahanapuni Farm for 287 acres in Kalepa for diversified agriculture and pasture with the following conditions: 1) license fee of \$30 per acre per year for 71.51 acres of pasture and \$100 per acre per year for 12.21 acres of diversified ag; 2) there are currently 213.28 acres of land characterized as non-tillable. 3) as more non-tillable acreage becomes usable for diversified ag, the rent will increase accordingly.

Ms. Albano moved to approve the recommendations; Mr. Schenk seconded the motion.

Ms. Kaichi said we need to have a discussion on whether the plants to be grown would be Native Hawaiian plants. Should the different categories be for different costs? This will be revisited after it is approved.

Mr. Kitagawa said he was not comfortable that it is said that all the plants are not the same. As long as we use these terms, we need to know what the terms mean and to differentiate.

Ms. Kaichi stated maybe we ask for approval of this request but we put a provision with Hanahanapuni that they acknowledge that it is an issue with it being noncommercial crops that ADC wants to address further. We have a right to revisit this issue in the future and at that time they would need to abide by what this Board says of that type of crop be.

Amend the recommendation mentioned by staff. Which is replace Native Hawaiian plants to diversified and move into diversified value would change

Ms. Klutke wanted to see a plan of what Hanahanapuni Farms will use the land for and what will they plant. Not just say Native Hawaiian plants. Ms. Owan stated that Hanahanapuni Farms' utilization plan did list what types of plants they plan to grow. Some areas it was mention as Native Hawaiian plants and others they were specific.

Ms. Albano moved to amend the recommendation that as they change to Native Hawaiian plants to diversified that they will move their acreage to reflect on the value and rent; Ms. Klutke seconded the motion; motion carried unanimously.

Mr. Klutke moved to approve the recommendation; Ms. Albano seconded the motion; motion carried unanimously.

I. Election of officers for Chair and Vice Chair.

Ms. Koev nominated Ms. Klutke as chair; Ms. Hopkins nominated Ms. Albano as chair.

Ms. Koev closed the nomination.

Ms. Klutke said she would be happy to be chair and has great respect for this Board and has many connections with the legislature. She enjoys what she is doing and working with the farmers and she keeps up to date with what is happening within the agricultural industry. She would do her very best to be an advocate.

Ms. Albano stated that she believes what ADC is doing and enjoys her time here. She believes in the ADC mission and there is much work to be done.

Ms. Klutke was voted as the new chair.

Vice chair – Ms. Klutke nominated Mr. Haraguchi as vice chair.

Mr. Haraguchi was voted as vice chair.

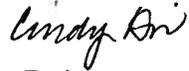
J. Executive Director's reports and Updates.

Mr. Nakatani reported that there were a couple of articles on agriculture. Warren Watanabe is the new board member replacing Letitita Uyehara.

Legislature – The bill to audit ADC was passed. New positions were added to ADC. The CIP budget needs to go to conference on Thursday. Hopefully it will be passed. Staff will send out a report on the legislature on the positions. DOA will be assisting on working on the position descriptions and the forms needed to establish the positions. DOA's Human Resources have set aside May 1-15 to help work on these positions.

Meeting adjourned at 11:30 am

Respectfully submitted,



Cindy Doi
secretary