

**AGRIBUSINESS DEVELOPMENT CORPORATION**  
Minutes of the Board of Directors meeting on October 9, 2019  
1849 Auiki Street, Honolulu, Hawaii 96819

**Members:**

Sandra Kato-Klutke	Lloyd Haraguchi
Yukio Kitagawa	Douglas Schenk
Leilyn Koev	Michael McCartney (arrived 9:30AM)
Phyllis Shimabukuro-Geiser	

**Absent:**

Warren Watanabe	Kaleo Manuel
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**Staff:**

James Nakatani  
Myra Kaichi  
Lynn Owan  
Ken Nakamoto  
Todd Low

**Counsel:**

Andrew Goff, Deputy Attorney General

A. Call to Order.

*Chairperson Kato-Klutke called the meeting to order at 9:03 a.m.*

*Chair thanked Todd Low as the interim/temporary secretary.*

- B. Approval of minutes from the June 12, 2019 meeting.  
Douglas Schenk moved to approve the recommendation. Lloyd Haraguchi seconded the motion.

*Chair asked for any corrections to the minutes. She raised some corrections herself, and directed staff to correct the minutes. Motion carried unanimously as amended.*

Approval of minutes from the July 31, 2019 meeting.  
Douglas Schenk moved to approve the recommendation. Lloyd Haraguchi seconded the motion.

*Chair asked for any corrections to the minutes. She raised some corrections herself. Phyllis Shimabukuro-Geiser made a correction to page 8. Due to substantial corrections, Chair directed staff to correct the minutes and resubmit at the next Board of Directors meeting.*

- C. Presentation by University of Hawaii: Ike Wai – Securing Hawaii’s Water Future.

Dr. Gwen Jacobs made the presentation.

*Ike Wai is an overarching hydrogeophysics initiative to understand the Pearl Harbor and Hualalalai (Big Island) aquifers. ADC land is uniquely situated to study the geological structures that impact groundwater flow into the Pearl Harbor and North Shore areas. Environmental-friendly hydrogeophysical measurements will help to improve the hydrological models for Central-O'ahu and the Pearl Harbor Region without the need to drill new wells. These improved models will make the predictions based on these models more accurate, thereby assisting management and economic decision making for the Pearl Harbor region.*

*ADC staff will coordinate research activities with farmer operations and will update the ADC BOD as necessary.*

- D. Presentation of the Kekaha Agriculture Association's strategic farm plan for Kekaha, Island of Kauai.

Michael Faye made the presentation.

*KAA will develop a strategic farm plan by December 31, 2019. The plan will focus on the development of the currently vacant 2,000 tillable/farmable acres and supporting current farm operations on the 4,000 acres under license.*

*KAA will update the ADC BOD on their progress.*

- E. Request for approval to withdraw 88.02 Acres from Rong Seng Chen dba Funing Farm's License Agreement No. LI-K1701 in Kekaha, Kauai, Tax Map Key (4) 1-2-02-001 (por).

Mr. Nakamoto made the presentation.

Lloyd Haraguchi moved to approve the recommendation. Douglas Schenk seconded the motion.

*Yuki Kitagawa asked for clarification regarding Tokyo Negi. Mr. Nakamoto explained it is the common name for *Allium fistulosum* or Welsh onion. It resembles the leek and is longer and thicker than the green onion with a larger amount of white stem.*

*Lloyd Haraguchi asked for clarification regarding the amount the farmer is delinquent. Mr. Nakamoto emphasized that the withdraw acreage was never in production and its rent amount continues to add to the amount owed by the farmer. After the acreage withdraw, the farmer would owe approximately \$13,000. Without the acreage withdraw, the amount owed would be \$45,000. He is making payments and ADC staff will continue to monitor the situation.*

*Sandi Kato-Klutke supports the acreage withdraw. Motion carried unanimously.*

- F. Request for approval to remove a 74.26-acre portion of Field 219 from Beck's Superior Hybrids, License No. LI-K0801, that was approved at the ADC Board meeting on June 12, 2019.

Ms. Owan made the presentation.

Douglas Schenk moved to approve the recommendation. Yuki Kitagawa seconded the motion.

*Yuki Kitagawa asked for clarification on the term “sell” in the Background description. Ms. Owan explained it was legal terminology for assigning the lease to another entity.*

*Motion carried unanimously.*

- G. Request for approval of sublicense from Sunrise Capital LLC to Shredco, LLC for 15 acres, more or less, of Field 309 in Kekaha, Kauai, Tax Map Key (4)1-2-02-001 (por).

Ms. Owan made the presentation.

Douglas Schenk moved to approve the recommendation. Michael McCartney seconded the motion.

*Douglas Schenk asked to clarify ShredCo’s the primary business activity and for an explanation of the statement “no profit is allowed to be made or sought by the Applicant” in the Land Request section. Craig Wagnild, attorney for Sunrise, explained ShredCo processes green waste. The no profit clause refers to Sunrise Capital not gaining profit from the sublicense.*

*Motion carried unanimously.*

- H. Request for approval to issue a Revocable Permit to Helemano Farms LLC for storage space in Whitmore, Oahu; Tax Map Key (1) 7-1-02-09 (por).

Mr. Nakamoto made the presentation.

Yuki Kitagawa moved to approve the recommendation. Douglas Schenk seconded the motion.

*No discussion. Motion carried unanimously.*

- I. Request for approval to amend the term of Touan Farm LLC’s License Agreement No. LI-GA1713 for land in Whitmore, Oahu; Tax Map Key (1) 7-1-01-02 (por).

Mr. Nakamoto made the presentation.

Lloyd Haraguchi moved to approve the recommendation. Douglas Schenk seconded the motion.

*Sandi Kato-Klutke asked for clarification on the lease start date. Mr. Nakamoto confirmed it is June 25, 2019 as the day the applicant entered the property. Motion carried unanimously.*

- J. Update of Findings of Land Investigative Committee.

Mr. Nakamoto made the presentation.

*Yuki Kitagawa noted that several of the recommended applicants raise similar products. He raised the question of whether ADC should minimize product overlap in the context of diversified agriculture production.*

*Lloyd Haraguchi noted that subleasing of parcels is common among agriculture operations in Hawaii and may extend several levels from the primary lessee. Subleasing without ADC BOD approval is in violation of ADC lease terms and, if not properly accounted for, can represent a substantial loss of rental income to ADC.*

*Sandi Kato-Klutke recognized the above topics are brought up consistently in production discussions and would like to designate a block of time for discussion at the next BOD meeting.*

*ADC Staff will work with Chair Kato-Klutke to accommodate this request in the next meeting agenda.*

K. Executive Director's Reports and Updates:

1. Wahiawa
2. Whitmore
3. Drones
4. Costco
5. Kekaha
  - a. County of Kauai soil removal negotiations
  - b. Settlement discussion on EarthJustice Clean Water Act Federal Lawsuit, Na Kia'i Kai, Surfrider Foundation and Pesticide Action Network North America vs State of Hawaii, Agribusiness Development Corporation and Department of Health, Civil No. 1:16-cv-00405-ACK-RLP.
  - c. Settlement of EarthJustice Complaint Under Title VI of the Civil Rights Act of 1964, EPA File No. 45RNO-16-R9
6. Financial and Performance Audits
7. Board members' terms

Executive Director James Nakatani made the presentation.

*Douglas Schenk asked when the audits would be completed. Mr. Nakatani explained the management audit would be completed by December 31, 2019. The financial audit extends to December 31, 2020.*

L. Adjourn

*The meeting was adjourned at 11:30 a.m.*

Respectfully submitted,

Todd Low  
Acting Secretary