

**AGRIBUSINESS DEVELOPMENT CORPORATION**  
Minutes of the Board of Directors meeting of June 12, 2019  
99-941 Halawa Valley Street, Aiea, Hawaii 96701

Members:

Sandi Klutke	Yukio Kitagawa
Doug Schenk	Warren Watanabe
Kaleo Manuel	Phyllis Shimabukuro-Geiser
Lloyd Haraguchi	

Absent:

Denise Albano	Leilyn Koev
Margarita Hopkins	Mike McCartney, DBEDT

Guests:

Joshua Uyehara, KAA	Mike Faye, KAA
Steve Lupkes, Beck's	Blaise Boyle, Beck's
Peter & Priscilla Sy, Whitmore	

Staff:

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

Counsel:

Andrew Goff, Deputy Attorney General

A. Call to order

Chairperson Klutke called the meeting to order at 9:03 am.

Chair welcomed newest board member Warren Watanabe from Maui.

Chair also mentioned that this is Cindy Doi's last board meeting. She thanked her for her service and to enjoy her retirement. Also would like to take her and Tisha Uyehara to lunch one day.

B. Approval of minutes from the March 27, 2019 and April 24, 2019 meetings.

Mr. Schenk moved to approve the March 27, 2019 board minutes; Mr. Kitagawa seconded the motion; motion carried unanimously.

Mr. Schenk moved to approve the April 24, 2019 board minutes; Mr. Kitagawa seconded the motion; motion carried unanimously.

C. Approval to Issue a Revocable Permit to Peter and Priscilla Sy from home gardening in Whitmore, Oahu, Tax Map Key No. (1) 7-1-02-04 (por).

Mr. Nakamoto made the presentation to issue a revocable permit to Peter and Priscilla Sy for home gardening in Whitmore. He gave a brief background that Peter and Priscilla own and reside at Circle Mauka Place which abuts State land. The requested area is located between the Sy's home and a drive way used by ADC's tenant. The land consists of mostly guinea grass and fruit trees, and is being maintained by ADC's tenant and the Sys. They intend to plant vegetables and ornamental flowers and is not required to get a soil conservation plant. The ADC has no plans to use the land and does not impact ADC's tenant's plan to improve the driveway. Peter and Priscilla Sy were present.

The recommendation is to approve the issuance of a revocable permit to Peter and Priscilla Sy for land in Whitmore subject to the following terms and conditions: 1) the term of this revocable permit shall be on a month-to-month basis; 2) base rent shall be \$.05 per square foot and 3) no subletting to be permitted without ADC's prior approval in writing.

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

Mr. Schenk suggested that all the rps be handled by the administratively instead of it coming to the board one by one. The board has already approved the concept. If the resident wants to garden on a non commercial basis, this would save the board from having to each resident come before the board. Maybe we could put it on the agenda at the next meeting. Mr. Nakamoto stated that under the director's report a report will be given on the process of what the intension would be.

Peter Sy made a few comments. The property is four feet from their boundary which he is cutting the grass. He wants to plant some flowers and vegetables on this piece of land. They are not part of the non profit that is being coordinated.

Mr. Manuel asked if insurance is required on individuals. Mr. Nakamoto replied we are intending for the homeowner include it on their own policy.

Motion carried unanimously.

D. Approval to Re-issue a Revocable Permit to Andros Engineering for office space in Whitmore, Oahu, Tax Map Key (1) 7-1-02-04 (por).

Mr. Nakamoto made the presentation to approve tore-issue a Revocable Permit to Andros Engineering Corporation (AEC) for office space in Whitmore. Andros Engineering has been renting office space located in Building E since 2017. AEC is a world supplier of specialized agricultural equipment that has three operating groups. AEC also occupies a

covered parking shed in Whitmore where they store equipment. Permittee has been a good tenant and payment of rent has been made in a timely manner. The conclusion is that ADC plans to redevelop the area, which may include the removal of the parking shed. ADC proposes to allow the Permittee to continue using the land for its operation on a month-to-month basis until such redevelopment ensues.

The recommendation is to approve the reissuance of a revocable permit to Andros Engineering Corporation in Whitmore subject to the following terms and conditions: 1) term of this revocable permit shall be on a month-to-month basis; base rent shall be \$79.35 per month; permittee shall pay its share of utilities; no subletting to be permitted without ADC's prior approval in writing.

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

Motion carried unanimously.

E. Approval to Re-issue a Revocable Permit to Andros Engineering Corporation for a covered parking area in Whitmore, Oahu, Tax Map Key (1) 7-1-02-04 (por).

Mr. Nakamoto made the presentation to re0issue a revocable permit to Andros Engineering for a covered parking area in Whitmore. Andros has been renting a parking shed in Whitmore since 2016. The ADC plans to redevelop the area, which may include the removal of the parking shed. ADC proposes to allow the Permittee to continue using of the land for its operation on a month to month basis until such redevelopment ensues.

The recommendation is to approve the reissuance of a revocable permit to Andros Engineering for parking area in Whitmore, 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 \$880 per month; 3) Permittee shall pay its share of utilities; 4) Permittee may apply for rent credits; and 5) no subletting to be permitted without ADC's prior approval in writing.

Mr. Schenk moved to approve the recommendations; Ms. Shimabukuro-Geiser seconded the motion.

Mr. Schenk asked how the rent of \$880 was determined. Mr. Nakamoto replied ADC did their own appraisal and the closes we could find was Waialua sugar mill which was comparable.

Motion carried unanimously.

F. Request to Re-issue a Revocable Permit to Davey Tree Expert Company for parking area in Whitmore, Oahu, Tax Map Key (1) 7-02-04 (por) & (1) 7-1-02-09 (por).

Mr. Nakamoto made the presentation to re-issue a revocable permit to Davey Tree Expert for parking area in Whitmore. Davey Tree has been renting office space, a covered

parking she, and 10,000 square feet parking area in Whitmore since 2016. Permittee is a tree trimming and landscaping company based in Ohio. They are currently using the space to store equipment and vehicles. The ADC plans to redevelop the area, which may include the use of the 10,000 square feet parking area and the removal of the office space and parking shed. ADC proposes to allow the Permittee to continue using the land for its operation on a month to month basis until such redevelopment ensures.

The recommendation is to approve the reissuance of a revocable permit to Davey Tree Expert Company for parking area in Whitmore subject to the following terms and conditions: 1) term of this revocable permit shall be on a month-to-month basis; base rent shall be \$1,634.40 per month; 3) Permittee shall pay its share of utilities and; 4) No subletting to be permitted without ADC's prior approval in writing.

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

G. Request to Re-issue a Revocable Permit to Royal Palm Group/Construction and Landscaping, for nursery purposes in Whitmore, Oahu, Tax Map Key (1) 7-1-02-09 (por).

Mr. Nakamoto made the presentation to re-issue a revocable permit to Royal Palm Group/Construction and Landscaping for nursery purposes in Whitmore. Royal Palm Group has been renting 4 acres of land in Whitmore since 2010. The Permittee has been a good tenant over the years and initially cleared the four acres of land where the nursery sits today. The land is currently used as a plant nursery and to store equipment. The ADC plans to redevelop the area, which includes the 4 acres. The ADC proposes to allow the Permittee to continue using of land for nursery purposes on a month to month basis until the redevelopment ensures.

The recommendation is to approve the reissuance of a revocable permit to the Royal Palm Group for 4 acres in Whitmore, 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 \$1,600 per year; 3) no subletting to be permitted without ADC's prior approval in writing.

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

Ms. Shimabukuro-Geiser asked about the rent and it being less than the others earlier. Mr. Nakamoto replied the rent was the same as what Dole was charging which is a carry over and have not increased the rent.

Mr. Kitagawa asked on how many lots are in the Whitmore area and are they well utilized. Mr. Nakamoto replied only WCBDO is an open area and overgrown. Most of the buildings are occupied as far as the warehouses. ADC will be taking over the WCBDO space so there is more presents in Whitmore. Mr. Nakamoto will be there may

be two or three times a week. Also WEDG has the other office space. Andros has the old credit union area and Dole leases the rest of the area. Mr. Nakatani said they are also looking to have an outreach person in Whitmore.

Motion carried unanimously.

H. Request for Approval of Beck's Superior Hybrids' Request to Recharacterize 247.24 acres and add 199.84 acres more or less, under License No LI-K801 in Kekaha, Kauai, Tax Map Key No. (4) 1-2-02-001 (por).

Ms. Owan made the presentation for approval of Beck's Superior Hybrids to recharacterize 247.24 acres and add 199.84 acres under License No. LI-K0801 in Kekaha. She gave a background that in 2016, BASF agreed to sell, assign, and transfer all its right, title and interest in its ADC license for agricultural land and is ADC lease for a storage/office building in Kekaha to Beck's Superior Hybrids. The assignment and transfer were approved by this Board at its meeting on September 28, 2016. At the ADC Board meeting on March 27, 2019, approved the withdrawal of a 13.25 acres to be licensed to another applicant. In 2008, when BASF Plant Science, Beck's predecessor was issued License LI-K0801, Field 121 was split with Syngenta. LI-K0801 listed BASF's share of Field 121 as 64.68 acres and L-08202 listed Syngenta's share as 53.22 acres. It was discovered recently that the portions are switched. Therefore LI-K0801 needs to deduct 11.46 from its acreage.

The recommendation is to approve the recharacterization of 247.24 acres from tillable to non-tillable. Approve the addition of 199.84 tillable acres. Approve deducting 11.46 tillable acres from Field 121 to reconcile the erroneous record. The following terms and conditions are: 1) License shall terminate on March 31, 2028 (no change); 2) rental rate shall remain unchanged at \$150 per acre per year for tillable acreage and \$1 per acre per year for non-tillable acreage; 3) shall pay its share its share of the annual maintenance fee to the Kekaha Agriculture Association; 4) all other terms and conditions shall remain unchanged.

Ms. Shimabukuro-Geiser moved to approve the recommendations; Mr. Watanabe seconded the motion.

Mr. Kitagawa asked what is the land being used for community service. Is Beck's growing the crops. Steve Lupkes replied it is for small acres that are done for fundraising. Beck's is not growing the crops for market and donating to organizations for community service. He explained that Beck's has been growing and they want to increase their presence on Kauai. There were a number of fields adjacent to their fields that feels would fill their capabilities and asks to add those fields. At the same time, there were some fields that they would like to return. He asked if they had any obligation to keep up this non tillable land and if there was an opportunity comes up to use the land, do they have to go through sublicensing process or lease directly from ADC. The reply was yes.

Motion carried unanimously.

5-minute break taken at 10:10 am.

I. Approval of Green Energy Team LLC's Request to Remove Basalt Rock from Unit GE(m) under License No. LI-K1102, in Kalepa, Kauai, Tax Map Key No. (4) 3-9-01-02 and (4) 3-9-02-01.

Ms. Owan made the presentation for approval of Green Energy Team's request to remove basalt rock from Unit GE(m), under License No. LI-K1102 in Kalepa. She gave a brief background that in 2008 the RP holders agreed to withdraw and transfer to Green Energy a total of 1,000 acres which was comprised of portions of fourteen RP parcels. The applicant's RP was converted to a 22-year license in May 2011. Historically, Lihue Plantation and AMFAC used to remove basalt rock from rock pits in various fields to build infield roads in Kalepa. Two such rock pits known as a "45 Rock Pit" exist in Applicant's unit GE(m). Applicant requests to remove basalt rock from "45 Rock Pit" for the remainder of the term of LI-K1102. The estimate would be to remove approximately 1,500 tons of rock per year. The rock will be used to repair roads that Applicant uses on lands that are owned by Grove Farm and Knudsen as well as on ADC land. Applicant states that they will not sell the rock/crushed rock. Applicant will perform an Environmental Assessment and if applicable, apply for a National Pollutant Discharge Elimination System permit, along with complying with all Federal, State and County laws or ordinances, rules and regulations that pertain to this activity. Under a license between ADC and Pohaku O'Kauai the charge for rock is \$5.00 per ton - \$2.50 per ton for the ADC and \$2.50 per ton for the Kekaha Agriculture Association.

The recommendation is that the Board approve Green Energy Team LLC's request to remove basalt rock from Unit GE(m) under License LI-K1102 subject to the following conditions: 1) ADC execute a license that allows Applicant to remove no more than 1,500 tons of basalt rock per year from Unit GE(m), conditioned upon complying with allocable Federal State and County laws, ordinances, rules and regulations; 2) removal of rock may continue for the remainder of the term of License LI-K1102 provided the terms of applicable permits and licenses are being adhered to; 3) Applicant shall notify the Coalition and the ADC of scheduled rock removal at least two weeks in advance; 4) Applicant shall not be allowed to sell the basalt rock or crushed rock; 5) ADC's standard commercial liability and indemnification clauses shall apply to this revocable permit; and 6) Upon termination of the revocable permit, Applicant shall grade the premises to conform to and blend with the surrounding land elevation, if requested by the ADC.

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

Ms. Shimabukuro-Geiser said she meet with ranchers and they said the trailers that Green Energy operate erodes the roads so when the cattle trailers goes over sometimes it unhook what they are hauling. Is this project of repairing the roads is something that would be addressed. Ms. Owan replied she's sure it would be one of the things to be

addressed. Mr. Nakatani said that Green Energy has done a great job maintaining the roads and cutting down trees.

Mr. Manuel asked on the tonnage of rocks. We are approved 1500 tons and not 15000 tons. The amount is incorrect on the submittal. It should be \$7,500.

Mr. Manuel asked if we could make sure that they perform an environmental assessment subject to issuing their license. The reply was yes.

Motion carried unanimously.

J. Update on Farm to State, Farm to School and Farm to Table Initiatives.

Ms. Shimaburkuro-Geiser made an update on the “Farm To” program and what the farmers want and need to get into the program. They are trying to get a coordinated effort on how to assess the needs of the various agencies and the state who want to buy local/fresh produce and to identify farmers who are interested on what the requirements are to participate, the needs of the farmers to the point of doing business with the state food service industry. The department has received two coordinated positions for the program from the legislature but received funding for only one. They held interviews and gave a conditional offer and that person had a change of heart and decided to decline the position. They are scheduled to interview for both positions the last week of June. Hopefully they would be able to find two coordinators.

Chair said she has been working with Senator Kouchi and have meet with hospitals, prison, schools and culinary training through the union to try to get them certified. They have meet with DOE, DOA to see what they want to grow and supply. They would need to have a Coop to get the small farmers together in order to fill the needs of DOE. She did get a list from DOE on what they are buying from the big producers. She passed out the brochure printed by Kauai hospitals on what they are doing. Now they are working on how they will be working on small sectors both at the state hospitals and schools system to provide something by August. Also Beck’s has already contacted Kauai Veterans hospital who is planting vegetables. They are moving forward on Kauai. And the next plan is to move forward on Maui. This is a work in progress and would like more of our farmers that are ADAC land to participate in the program. More will be reported at the next meeting.

K. Update on (1) Clean Water Act Federal Lawsuit, Na Kiai Kai, Surfrider Foundation and Pesticide Action Network North American vs State of Hawaii, Agribusiness Development Corporation and Department of Health, Civil No. 1:16-cv-00405-ADCK-RLP and (2) Compliant Under Title VI of the Civil Rights Act of 1964, EPA File No. 45RNO-16-R9, both filed by EarthJustice.

Mr. Schenk moved to go into executive session; Mr. Watanabe seconded the motion. The vote was unanimous in favor.

L. Executive Director's Reports and Updates

1. Galbraith
2. Whitmore
3. Legislative update
4. ADC community outreach activities

Mr. Nakatani gave an update on all the items. Galbraith production had a record harvest. For Whitmore, letter were sent to residence regarding the use of the land for gardening. The ADC staff is currently working with the residents to complete the land application and yard plans. The deadline to submit land application for the permits is July 12, 2019. Legislative Bills for 2019 – funds were given for agricultural lands on Oahu; repair and strengthen the bridge and supporting structure for Christian Crossing Bridge in Kalepa, Kauai. Also reported some of the meetings attended regarding the Community Outreach Activities.

Mr. Kitagawa wants to make sure that the county is mentioned because they did put in some funds to purchase the lands. He asked what the intent of the community meetings. Jimmy replied the community asked to communicate with them. Just items that outreach with the community. Probably would have more meetings that he will attend. Kaleo sits on the Wahiawa neighborhood board representing the governor and ADC does come up.

Mr. Schenk moved to adjourn; Mr. Watanabe seconded the motion.

Meeting adjourned at 11:50 am

Respectfully submitted,

Cindy Doi  
secretary