

**AGRIBUSINESS DEVELOPMENT CORPORATION**

Minutes of the Board of Directors Meeting held Virtually on December 16, 2020  
Via Zoom Teleconference

*Considering the evolving COVID-19 situation, protecting the health and welfare of the community is of utmost concern. As such, the meeting was held remotely, with Board members, Staff and Applicants participating via Zoom meeting venue.*

**Members Present, virtually:**

Sandra Kato-Klutke, Kauai County Member (Chairperson)  
Mary Alice Evans, Designated Representative, DBEDT, Ex-Officio Member  
Lloyd Haraguchi, Member-At-Large (Joined at 9:45 a.m.)  
Kevin Hopkins, Hawaii County Member  
Frederick Lau, City & County of Honolulu Member (Joined at 9:30 a.m.)  
Kaleo Manuel, Designated Representative, DLNR, Ex-Officio Member  
Douglas Schenk, Maui County Member  
Karen Seddon, Member-At-Large  
Phyllis Shimabukuro-Geiser, Chairperson, Board of Agriculture, Ex-Officio Member  
Warren Watanabe, Member-At-Large

**Counsel Present, virtually:**

Valerie Kato, Deputy Attorney General  
Jodi Yi, Deputy Attorney General

**Staff Present, virtually:**

James Nakatani, Executive Director  
Myra Kaichi, Sr. Executive Assistant  
Ken Nakamoto, Project Manager  
Lynn Owan, Administrative Services Officer  
Lyle Roe, Property Manager

**A. Call to Order**

Chairperson Kato-Klutke called the virtual meeting to order at 9:11 a.m.

**B. Roll Call**

Ms. Kaichi conducted a roll call of the Board; eight members present (Sandra Kato-Klutke, Mary Alice Evans, Kevin Hopkins, Kaleo Manuel, Douglas Schenk, Karen Seddon, Phyllis Shimabukuro-Geiser, Warren Watanabe). This also serves as a roll call vote. For each subsequent vote, the Chair will ask if there are any objections. If there are none, motion will be carried on the same basis as this initial roll call.

**C. Approval of minutes from the September 23, 2020 virtual meeting**

Motion to approve: M.A. Evans / Second: W. Watanabe

Chair asked for comments from the public. There were none.

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Chair asked for comments from the Board. Hearing no comments, motion carried.

Vote: Approved, 8-0

- D. Request for Approval to Refer License No. LI-KA1413 Issued to Laurie Ho to the Department of the Attorney General for Possible Legal Action

Motion to approve: M.A. Evans / W. Watanabe

Mr. Lyle Roe explained a new development. ADC was notified yesterday that the licensee has decided to voluntarily vacate the premises and terminate her license effective December 31, 2020. The previously approved amendment leasing a portion of the premises to another farmer will be executed after January 8, 2021, the default cure deadline. Regardless of lessee's intent to vacate, staff still requests approval for referral to the Attorney General's office for possible legal action. Based on the condition of the property at last check, staff believes it is important to have the option to legally enforce the surviving conditions of the license, i.e., clean up and remediation, etc., if necessary.

Mr. Manuel asked if we know why the tenant was not farming or not being compliant? Mr. Roe responded that we do not know the reason, but it has been an ongoing concern.

No response to call for public testimony. However, there was a letter received late yesterday from the Kalepa Koalition. Chair Kato-Klutke summarized the letter. The Koalition pointed out that Mr. Gerald Sanchez is far more non-compliant than Ms. Ho as far as the condition of the property. The letter will be shared with the Board. (Letter was shared with the Board just prior to the meeting.)

Ms. Shimabukuro-Geiser asked if there will be any impact from the COVID-19 related executive order type issues such as flexibility in enforcement of the license terms. Mr. Roe stated that ADC is dealing with COVID-related issues on a case-by-case basis but in this situation, that does not appear to be an issue.

Chair reminded the Board that they previously approved a 7-acre amendment to Lin's Farm for this property and asked Mr. Roe to share information on other farmers interested in the soon to be vacated property. He stated there are other tenants who are interested in land up there. In the interest of keeping the land from growing over, Lin's Farm has expressed interest in the remaining land once the property is available.

Mr. Manuel asked for clarification on the Kalepa Koalition letters -- the first page relates to this item and the second page references dues from 2019 as a separate matter. Chair confirmed that is correct.

Hearing no further questions nor objections, motion carried.

Vote: Approved, 8-0

- E. Presentation of the ADC Tenant Review and Recommendation Committee's Findings and Recommendations for Developing a Solicitation to Interested Farms

Mr. Lau joined the meeting at 9:30 a.m.

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On September 23, 2020, the Board approved the establishment of the Tenant Review and Recommendation Committee. Chair Kato-Klutke listed the members of the committee: Mr. Lloyd Haraguchi, Mr. Fred Lau, Mr. Warren Watanabe, Ms. Jari Sugano, and Mr. Po Young Lai.

Mr. Watanabe, as the Chairperson of this Tenant Review and Recommendation Committee, began by stating the committee met a few times and Mr. Lau and Mr. Haraguchi did conduct site inspections with Mr. Nakamoto. He pointed out that many of the parcels are large in size so he strongly suggested a minimum lot size of 100 acres to give farmers the opportunity to fallow some of the land so not all of the land is in production all of the time. Learning from his experience with small farmers on Maui, fallowing land is good farming management. The other important consideration is irrigation/water supply. He stated the importance of the potential tenant understanding the water situation and the condition of the land beforehand. He asked Mr. Nakamoto to give more details.

Mr. Nakamoto explained the process for coming up with the recommended solicitation. After reviewing the previous notification, site visits were conducted and all the suggestions from the committee members were considered. All information was compiled into a new, more comprehensive solicitation document. Items the committee considered:

- Water source: Who owns it? What kind of agreement? Who is the contact person?
- Condition of property: Most are sizable parcels and haven't been farmed in decades. There may not be enough farmers who are willing to put in the kind of capital needed to ready the land.
- Cattle: Considering opening it up for cattle use. This will help with keeping the grass down and therefore reduces the risk of fire.
- Rating sheet: Committee felt that we need to focus more on farming practices. Item 5 scoring was increased from 5 points to 10 points. Knowledge about food safety and good agricultural practices is important.
- Request for Application: Please review this document and let Mr. Watanabe know of any comments you have.

Ms. Evans stated her support of the idea of larger sized parcels due to the probability of financial and commercial farming, which decreases the tendency to use the farm for residential, rural lifestyle.

Mr. Hopkins agreed that we need to set a minimum but thinks 100 acres is too high. Mr. Watanabe stated that there is a concern with ADC having to manage many small parcels. He also stated that the minimum size can vary based on the total lot size. Mr. Schenk agreed on the economies of scale and conceptually, the bigger the better, in most cases. The business of leasing land and meshing with farmers and their crops is dynamic and needs some flexibility. He believes using a less exact number when setting minimum acreage is better for ADC.

Mr. Manuel asked if there is way to avoid sandwiching -- larger farmers sub-leasing their parcels. Would like that to be considered. *(Mr. Nakamoto addresses this later in the meeting.)*

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Ms. Shimabukuro-Geiser agreed with Mr. Watanabe and does not disagree with Mr. Schenk's comment about allowing flexibility in lot size. ADC's portfolio is very diverse, so it really does depend on the lot size. She stated her support of the ED/staff's decision about running cattle – it is not a new concept. Campbell used it on the hillside of Makakilo to help control the potential for fires. She commented that there were good points raised by the other members.

Ms. Evans asked for Mr. Nakamoto's opinion.

Mr. Lau shared that touring the properties was very helpful. There is a major issue regarding water with some of the larger parcels. Obtaining sufficient water would be very difficult for operators of larger parcels. The two parcels with a lot of potential are the Ohana Best parcel (Galbraith) and one of the Whitmore parcels; these should be reserved for diversified agriculture. He recommends that these two parcels be considered for smaller farmers. Mr. Nakamoto explained that the Galbraith area parcel mentioned by Mr. Lau is specifically for diversified agriculture – we will not be offering that to cattle. The parcel has a reservoir and the water connections should be completed in January. We are already doing soil remediation; we have partnerships with some farmers in the area such as Hawaiian Earth to condition the soil.

The other parcel we previously awarded to a Christmas tree farmer to expand across the street and to an ulu farmer from Kona. The Kona farmer dropped out. That parcel is dedicated for greenhouses and orchards. If someone wants to do 20 acres of glasshouse or greenhouses, we will not require 100 acres.

Mr. Nakamoto responded to Mr. Manuel's earlier comment about sandwiching. That is not allowed and especially if they are profiting off the smaller farmer. It is very hard to catch but we are moving towards monitoring those situations. ADC would have to approve any sub-license so we would be able to see what they are charging the sub-licensee in comparison to what they are paying. On the other hand, if there is someone who is able to lease the land for a small group of farmers because they are not able to do it on their own, we would consider that request, also.

Chair Kato-Klutke asked about crop rotation by a cattleman and a farmer taking 200 acres. Mr. Nakamoto said he does not know the answer to that, although it has been discussed before. Cattle/crop rotation is an interesting concept and if it was beneficial to both sides that could be considered.

Mr. Manuel asked if we can make it explicit in our application process that crop rotation and integrated, effective land management for agricultural production is something we are supportive of; leading to the creativity of proposals that could come forth. Also, possibly adding it as criteria that elevates the proposal, i.e., how are you going to be a good steward of this property and produce agricultural products in that process?

Mr. Haraguchi joined the meeting via phone at 9:45 a.m.

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Mr. Manuel would like to see diversification in our livestock industry beyond just cattle, possibly with other, less intensive livestock. Chair Kato-Klutke agreed. She has received calls from folks who want to raise goats and the community should consider other types of livestock.

Mr. Nakatani reminded the Board that the intent of the Review Committee was to put the vacant Oahu lands into production. If we had our choice, we would choose food production, but because we may not have enough farmers ready to start farming, then we are looking towards cattle. This will not be a long-term situation, but we need to do something with the lands as we will soon be approaching summer which brings the risk of fires. The Board's input is valuable, but we are looking at the next 5 years – what can we do now, so we don't leave the Oahu lands idle?

Mr. Haraguchi agreed with Mr. Nakatani. As far as minimum acreage, in the past we have looked at the TMKs and divided them up, and that worked. It allows for flexibility of the parcel sizes. He has had prior experience with using cattle to help with fire control and it helped, so if we are not able to get diversified agriculture on our lands, then cattle is an option for this very reason.

Mr. Nakamoto reminded the Board that ADC put in most of the infrastructure for the smaller farmers in the Galbraith area. Today, with the pandemic, we do not have the funds to do that with the vacant lands. It is estimated to cost \$10,000 per acre to put the land into production. If there are farmers out there who are able to clear the land and prepare it for farming, then that would be ideal. If the farmers can't do that, then we have to look at cattle next. We cannot leave the land unproductive. Some of the reasons for considering cattle over smaller animals (i.e., goats) are the history of theft and slaughtering of entire herds by hunters; they are less likely to target a large bull.

Chair Kato-Klutke stated this is being turned back over to the committee for any revisions to the recommendations and will be taken up at the next meeting of the Board.

Mr. Nakamoto asked Chair if there were any questions from the public. There was no response to a call for public testimony.

The Board took a 5 minutes recess. Meeting called back to order at 10:09 a.m.

F. Update on Ohana Best, LLC vs. State of Hawaii, et al., Civ. No. 19-1-1640-10.

*“The Board may go into executive session, pursuant to H.R.S. §92-5(a)(4), to consult with the board's attorney on questions and issues pertaining to the board's powers, duties, privileges, immunities, and liabilities.”*

The Board will cover both items F and G during executive session.

No response to call for public testimony on either item.

Motion to enter Executive Session: K. Manuel / Second: D. Schenk

Chair asked if there were any objections. Hearing no objections, motion carried.

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Vote: Approved 10-0

### G. Annual Performance Evaluation of the Executive Director

*“The Board may go into executive session, pursuant to H.R.S. §92-5(a)(2), to consider the evaluation of an officer or employee where consideration of matters affecting privacy will be involved, and H.R.S. §92-5(a)(4), to consult with the board’s attorney on questions and issues pertaining to the board’s powers, duties, privileges, immunities, and liabilities.”*

Ms. Kaichi conducted a second roll call. All members present.

The Board emerged from Executive Session with no action taken. The Review Committee will incorporate comments and concerns discussed in executive session and present them to the entire board for further consideration and discussion at the next ADC board meeting.

### H. Executive Director’s Update

Mr. Nakatani provided an update on the following items:

- 1) Whitmore Update: ADC is participating in discussions with Councilmember Heidi Tsuneyoshi, Senator Dela Cruz, and HPD to develop a temporary facility on ADC land in Whitmore to house the homeless. Some are hesitant about housing the homeless persons on ADC property, but he visited the project at Keehi Lagoon, and it is an impressive set-up. This has also been done in Waipahu and was successful. It would be a 3-month project and is a good way to give back to the community. It will be very secure as HPD is on site 24 hours a day. There will be a shower area and medical area manned by the National Guard. ADC staff is fine with the project if the community is in agreement.
- 2) Legislative Update: ADC has a Capital Improvement Project request to connect three wells to ADC’s network to provide water to tenants. It is being presented via Administrative request.
- 3) ADC Newsletter: One of the big issues around Whitmore is security and ADC put up a fence at Uwalu Circle. Although it has been cut several times, ADC has repaired it and it seems to be stable. HPD has been there many times as well. The community appreciates the fence and ADC’s efforts to make the Whitmore area safer. The Christmas tree farm did well this year and received positive media coverage.

Chair Kato-Klutke asked how the furloughs will affect ADC. Mr. Nakatani explained that the only staff member to be affected is Mr. Roe, as his position is general-funded. Ms. Shimabukuro-Geiser explained that the unions are fighting the furloughs and we will learn more in the days ahead.

Chair Kato-Klutke recognized Ms. Lynn Owan for her many years of service with ADC. Chair thanked her for her years of hard work and wished her well in her retirement.

Question from the public via the chat box related to the Director’s Update, item 1. What is the program called? Mr. Nakamoto answered that it was HONU which stands for Homeless Outreach and Navigation for Unsheltered Persons. In April the name was changed to POST – Provisional Outdoor Screening and Triage. He explained that a number of non-profit organizations go out to the

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program site to deliver services such as substance abuse, etc. 90% of this population does not want to leave the area they live in so having the services go to them is beneficial and also makes sense during this quarantine period. He noted that we have not yet received a formal proposal from POST but they have visited the site.

I. Adjourn

Motion to adjourn meeting: D. Schenk / Second: K. Manuel

Hearing no objections, motion carried.

Vote: Approved, 10-0

Meeting was adjourned at 11:52 a.m.

Respectfully submitted,

*Lori Nakamura*

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Lori Nakamura  
ADC Executive Secretary