AGRICULTURE 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.
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.
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.)
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 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.
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.


“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.
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 Keahi 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
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
ADC Executive Secretary
February 24, 2021

Subject: Request for Approval to Exercise Option to Extend the Term of Lease No. LE-WM1717 Issued to the Whitmore Economic Development Group in Whitmore, Oahu, for Two Years, Tax Map Key (1) 7-1-002-004 (por)

Applicant: Whitmore Economic Development Group

Authority: Section 163D-4(a)(5), Hawaii Revised Statutes

Area: 1,720 square feet, more or less

Field No.: Building E

Tax Map Key: (1) 7-1-002-004 (por)

Land Status: Acquired in fee by the State of Hawaii, Agribusiness Development Corporation, February 2015, from Dole Food Company, Inc.

Trust Land Status: N/A

Character of Use: Office & Meeting Space

Lease/License Term: 3 years (currently in year 4)

Reversible Permit: N/A

Base Rental Rate: $0.25/square foot/month

BACKGROUND:

Whitmore Economic Development Group ("Lessee") is a domestic nonprofit corporation based in Whitmore Village, Oahu who provides educational opportunities that support, grow, and help sustain community development through agricultural and agribusiness initiatives. Lease Agreement No. LE-WM1717 (the "Lease") issued to the Lessee was executed on October 23, 2017 (effective October 1, 2017) for 1,720 square feet, more or less, for office and meeting space in Building E ("Premises") in Whitmore Village, Oahu (see "Exhibit A"). The original base rental rate was valued at $0.25/square foot due to the condition of the Premises. Permission was also granted to allow Lessee to improve
the Premises which they did, investing approximately $65,284 (see “Exhibit B”) to update and repair the roof, ceiling, walls, floors, electrical, and plumbing infrastructure for their portion of the building (see “Exhibit C”).

The Lease expired on September 30, 2020 after Lessee failed to notify ADC of their intention to exercise the option to extend the term of the lease for an additional 2 years. Per the terms of the Lease\(^1\), Lessee is required to notify ADC of their intention to exercise the option at least 180 days prior to the expiration of the first 3-year term. Lessee is currently in month-to-month holdover status pending the approval of the Board to allow Lessee to exercise the option after-the-fact.

LAND REQUEST AND DISCUSSION:

Lessee requests that the Board approve an after-the-fact option to extend the term of the Lease for an additional two years retroactive to and beginning October 1, 2020 and terminating September 30, 2022. Additionally, the Lessee has expressed interest in conducting training programs to assist agricultural student drivers in obtaining their commercial driver’s license.

The Lessee is presently current on all rents, and they have been generally responsive to performing the terms of their Lease. As such, staff believes it is appropriate to approve the option to extend after-the-fact. Further, given the ongoing economic realities of the pandemic, and in consideration of the improvements the Lessee has made to the building, staff believes it is appropriate to continue with the current rental rate of $0.25/square foot ($430 monthly, $5,160 annually).

RECOMMENDATION:

Staff recommends that the Board approve the after-the-fact option to extend the term of the Lease for an additional 2 years retroactive to and beginning on October 1, 2020 and terminating on September 30, 2022, subject to the following conditions:

1. Lessee agrees to remain current with all rents
2. Lease rates shall remain the same at $0.25/square foot/month
3. No elementary or secondary school or school activities shall be held on the premises
4. The academic/classroom portion of a future CDL training program may be held on the Premises subject to the following conditions:

\(^1\) Lease Agreement No. LE-WM1717 (2)(c) states: “Lessee shall exercise its option to extend the term of this lease by giving written notice thereof to Lessor at least one hundred eighty (180) days prior to the expiration of the preceding term.”
a. Any such program shall prioritize the admittance of agricultural student drivers

b. Driving activities shall not occur on ADC properties or in and around Wahiawa and Whitmore Village

c. Any training partner with whom Lessee may partner for the CDL training program shall add ADC as additional insured to their policy of commercial general liability insurance to the same terms and conditions as required by the Lease, and will ensure ADC receives a copy of the certificate of insurance.

5. All other terms and conditions shall remain the same.

Respectfully submitted,

[Signature]

James J. Nakatani
Executive Director
EXHIBIT A
EXHIBIT B

MEMORANDUM FOR THE RECORD

Date: Tuesday, 16 February 2021

From: Lilette A Subedi, President, WEDG BOD

To: Lyke Roe, Property Manager, ADC-Wahiawa

Re: Capital Improvement Expenditures on leased space (LE-WM1717)

Per our conversation and emails, hereunder are the requested figures for the capital improvements that WEDG made to the leased space that now serves as the “Pineapple Crate:”

Initial labor on cleaning, drywall, painting, countertop/cabinets $14,339.00
Concrete flooring repair and plumbing [café] 8,445.00
Termite Inspection 1,048.00
Mold Inspection/Initial Remediation 785.00
Additional Environmental Inspection 460.00
Laminate Flooring (Material purchase) 4,858.00
Laminate Flooring Installation (Labor) 9,424.00
Replace and install kitchen sink 111.00
Roofing, Inspection & Sealing 200.00
Electrical, including inspection & rewiring 13,449.00
Security System (Installation) 3,495.00
Air conditioning (Units & installation) 8,670.00

TOTAL COSTS: $65,284.00

*Fund sources for WEDG capital improvements were limited to a HI Legislative GIA (FY 2016-2017) and unrestricted monies garnered through donations and fundraising events.
Figures provided by Ravia Apa, Treasurer, WEDG BOD (02/15/2021)
Confirmed and provided by Lilette Subedi, President, WEDG BOD (02/16/2021)
EXHIBIT C

1. Conference Room

2. Shared Office Equipment

3. Central Classroom

4. Central Classroom

5. Double Doors Installed
February 24, 2021

Subject: Request for Approval to Issue a Right of Entry to the Honolulu Police Department for 1 Acre of Land in Whitmore, Oahu, Tax Map Key (1) 7-1-002-009 (por)

Applicant: Honolulu Police Department

Authority: Section 163D-4(a)(5), Hawaii Revised Statutes

Land Area: 1 Acre

Field No. N/A

Tax Map Key: (1) 7-1-002-009 (por)

Land Status: Acquired in fee by the State of Hawaii Agribusiness Development Corporation from Dole Food Company, Inc.

Trust Land Status: Section 5(b) lands of the Hawaii Admission Act

DHHL 30% entitlement lands pursuant to the Hawaii State Constitution:
Yes: ___ No: X

Character of Use: To provide additional screening, triage and overflow facilities to mitigate the spread of COVID-19 among the homeless population

Lease/License Term: 90 days

Revocable Permit: N/A

Base Rental Rate: N/A

BACKGROUND:

The ADC received a request from Councilmember Heidi Tsuneyoshi on behalf of the Honolulu Police Department (HPD) to set up a temporary facility on the Agribusiness Development Corporation's (ADC) land in Whitmore to provide additional screening, triage and overflow facilities to mitigate the spread of COVID-19 among the homeless population.

This facility, known as the Homeless Outreach and Navigation for Unsheltered Persons (HONUS), will serve as a temporary resource for homeless persons who are:
Unable to access shelters due to current issues;

In need of a place to self-quarantine as a result of the statewide mandatory quarantine for incoming arrivals; and

Unable to practice physical distancing and hygiene at their current unsheltered location.

The HPD is seeking to partner with ADC, Dole Food Company, and local non-profits like ALEA Bridge and Wahiawa Health in the establishment of a HONU site to address the issue of homelessness and encampments in the region.

LAND REQUEST:

The subject area shown in Exhibit A is located southeast of the intersection at Ihi Ihi Avenue and Whitmore Ave. on ADC land. The land is an open grass field that is relatively flat with access to potable water.

OPERATIONAL PLAN:

The HONU program is operated by the City and County of Honolulu’s Department of Community Services in partnership with HPD. The HONU site will provide 24/7 short-term shelter services and navigation to connect homeless individuals and families to longer-term shelters and other housing options for up to 90 days. HPD officers and the Army National Guard will be onsite 24/7 throughout the term.

CONSERVATION PLAN:

Not applicable.

CONCLUSION:

Homelessness and illegal encampments are a problem island wide, especially in the Wahiawa-Whitmore area. The ADC has been aggressively addressing the situation on its property in Whitmore only to have the problem return in a matter of days. The HONU site has been implemented in other communities where there were known areas of concerns and positive outcomes were realized.

RECOMMENDATION:

Approve the issuance of a Right of Entry to the Honolulu Police Department for 1 Acre of Land in Whitmore, Oahu, Tax Map Key (1) 7-1-002-009 (por).

Respectfully submitted,

James J. Nakatani
Executive Director
EXHIBIT A
February 24, 2021

Subject: Request for Approval to Issue a Month-to-Month Revocable Permit to Loan Lovan for 60 Acres, More or Less, in Waialua, Oahu, for One Year, Tax Map Key (1) 6-5-001-044 (por)

Applicant: Loan Lovan

Authority: Section 163D-4(a)(1), (5), Hawaii Revised Statutes

Area: 60 acres, more or less

Field No. N/A

Tax Map Key: (1) 6-5-001-044 (por)

Land Status: Acquired in fee by the State of Hawaii, Agribusiness Development Corporation ("ADC"), December 2020 from Dole Food Company, Inc.

Trust Land Status: N/A

Character of Use: Orchard and Diversified Agriculture

Lease/License Term: Month-to-Month Holdover License Issued by Dole Food Company, Inc., DLR 065, Expired December 31, 2020

Revocable Permit: N/A

Base Rental Rate: $378.15/acre/year

BACKGROUND:

In December 2020, ADC finalized the purchase 114.504 acres from Dole Food Company, Inc. ("Dole") of a certain property in Waialua, Oahu near Thompson’s Corner, more specifically identified as Tax Map Key (1) 6-5-001-044. As part of the purchase of the property, ADC signed a certain “Assignment and Assumption of License” assuming ownership of License Agreement No. DLR 065, as amended, issued to Loan Lovan for 60 acres of land for agricultural purposes (see “Exhibit A”).
Beginning January 1, 2021, Mr. Lovan became a tenant of ADC under holdover status of the license previously issued by Dole which expired on December 31, 2020. Tenant is presently current with both January and February rents and has separate water use agreement with Dole for access to irrigation water from the Waialua Ditch.

ADC staff met with Mr. Lovan on January 25, 2021 to inspect his premises and review his operation. Staff noted a number of items that need to be remedied, including cleaning and repairing a wooden building structure, removing a fire pit, removal of what appeared to be a number of unused and/or abandoned vehicles, tractors, and non-farm equipment (see “Exhibit B”). Around the same time, ADC learned that Dole had never assessed a security deposit for this license to Mr. Lovan.

LAND REQUEST AND DISCUSSION:

Staff requests that Mr. Lovan be issued a month-to-month Revocable Permit. Staff believes that given the absence of a security deposit, it is in ADC’s interest to collect such a deposit to ensure that our liabilities are sufficiently mitigated. Further, Mr. Lovan has received a letter detailing the findings of the January 25th inspection of his premises and ADC will work with him to bring his operation into compliance. Once the inspection concerns have been sufficiently remediated, staff may recommend that a license be issued.

RECOMMENDATION:

Staff recommends that the Board approve a month-to-month Revocable Permit to Loan Lovan for 60 acres subject to the following conditions:

1. Rent shall remain $378.15/acre/year until such time as a long-term license may be approved

2. Terms shall be month-to-month, revocable at any time with 30-day notice

3. Upon execution, tenant shall deposit the sum of $1,890.75 as security deposit

4. All other standard revocable permit terms and conditions shall apply

Respectfully submitted,

James J. Nakatani
Executive Director
Request for Approval to Issue a Month-to-Month Revocable Permit to Loan Lovan for 60 Acres, More or Less, in Waialua, Oahu, for One Year, Tax Map Key (1) 6-5-001-044 (por)
February 24, 2021
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EXHIBIT A

1. Aerial Overview
EXHIBIT B

2. Exterior of Semi-Enclosed Structure

3. Interior of Semi-Enclosed Structure

4. Fire Pit

5. Storage of Non-Farm Vehicles/Equipment
February 24, 2021

Subject: Request for Approval to Issue a Land License to Kelena Farms, Inc. for Agricultural Purposes, in Paalaa Uka, Oahu, Tax Map Keys (1) 6-5-002-011; (1) 6-5-002-006; (1) 6-5-002-008; and (1) 6-5-001-046

Applicant: Kelena Farms, Inc.

Authority: Section 163D-4(a)(5), Hawaii Revised Statutes

Area: 345.38 Acres

Field No. N/A

Tax Map Key(s): (1) 6-5-002-011; (1) 6-5-002-006; (1) 6-5-002-008; (1) 6-5-001-046

Land Status: Acquired in fee by the State of Hawaii Agribusiness Development Corporation from Dole Food Company, Inc.

Trust Land Status: Section 5(b) lands of the Hawaii Admission Act

DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: Yes: ___ No: _X_

Character of Use: Diversified Agriculture

License/Lease Term: 30 years

Revocable Permit: N/A

Base Rental Rate: Year 1-3 – annual fee of $200 per acre; Year 4-10 – annual fee of $400 per acre; Re-opens every 10 years

BACKGROUND:

Kelena Farms, Inc. ("Permittee") has been leasing land located at Whitmore, Oahu, identified in Exhibit A, hereinafter referred to as the subject area, from Dole Food Company ("Dole") for its agricultural operation since 2008. The Agribusiness
Development Corporation ("ADC") acquired the subject area, which is comprised of four tax map keys, in three separate transactions in 2017 and 2020. Ensuing the acquisition of the subject area, the Permittee was classified as a hold over tenant to occupy the subject area and would subsequently be issued an ADC revocable permit while negotiations for a long-term agreement continues.

The Permittee is in good standing with ADC and is continuing to operate their farming business. The Permittee has also help maintain infrastructure and provide security for the subject area.

LAND REQUEST:

The subject area is approximately 345.38 acres and is comprised of four (4) parcels located just northwest of the Galbraith Agricultural Lands on Kaukonahua Road. The land is relatively flat with a gentle slope. The infrastructure, which includes a reservoir, interior farm roads, well connection, and irrigation distribution lines, were furnished and installed by Kelena Farms (No State funds). They currently have an agreement with Dole to transport irrigation water from Dole’s Well #25 located over a mile away at the Dole Plantation. Kelena Farms also provides security and portable toilets for their employees on the subject area, which has no potable water or sewer connection. The only access is via gated gravel road off Kaukonahua Road.

OPERATIONAL PLAN:

Kelena Farms, Inc. plans to continue to grow fruits and vegetable to include but not limited to cabbage, bell pepper, and watermelon for local consumption and continue to deploy a plan with conservation practices, correct soil chemistry, and an efficient irrigation system.

CONSERVATION PLAN:

Kelena Farms, Inc. has an approved conservation plan, which has been submitted for acceptance to the ADC.

CONCLUSION:

Kelena Farms, Inc. has a remarkable track record and is one of the largest producers of fresh fruits and vegetables in the State. They are excellent operators and currently sell produce to large retailers and local distributors based on the customer’s needs. They have made a substantial investment to farm the subject area and are good stewards of the land. For these reasons, the ADC is recommending issuing a long-term license to allow them to continue their operation.
RECOMMENDATION:

Approve the issuance of a land license to Kelena Farms Inc. for land in Paalaa Uka, Oahu; Tax Map Keys (1) 6-5-002-011; (1) 6-5-002-006; (1) 6-5-002-008; and (1) 6-5-001-046 subject to the following terms and conditions:

1. The term of the License shall be for 30 years.

2. The rental rate shall be $200 per acre per year for years 1-3 or $69,076.00 per year for tillable acreage and $400 per acre per year for years 4-10 or $138,152.00 per year. The rental rate shall re-open every 10 years.

3. The Applicant shall pay its share of fees and taxes when due;

4. The licensee shall be responsible for obtaining water user agreements; and

5. No subletting to be permitted without ADC’s prior approval in writing.

Respectfully submitted,

James J. Nakatani
Executive Director
Request for Approval to Issue a Land License to Kelena Farms, Inc. for Agricultural Purposes, in Paalaa Uka, Oahu, Tax Map Keys (1) 6-5-002-011; (1) 6-5-002-006; (1) 6-5-002-008; and (1) 6-5-001-046
February 24, 2021
Page 4 of 5

EXHIBIT A
Request for Approval to Issue a Land License to Kelena Farms, Inc.
for Agricultural Purposes, in Paalaa Uka, Oahu, Tax Map Keys (1) 6-5-002-011;
(1) 6-5-002-006; (1) 6-5-002-008; and (1) 6-5-001-046
February 24, 2021
Page 5 of 5

EXHIBIT B
February 24, 2021

Subject: Request for Approval to Issue a Land License to Waikele Farms, Inc. for Agricultural Purposes, in Kunia, Oahu, Tax Map Keys (1) 9-4-012-001 & 003

Applicant: Waikele Farms, Inc.

Authority: Section 163D-4(a)(5), Hawaii Revised Statutes

Area: 91 gross acres (16 usable acres)

Field No.: N/A

Tax Map Key(s): (1) 9-4-012-001 & 003

Land Status: Encumbered by Governor's Executive Order 4480, respectively to the Agribusiness Development Corporation (ADC) for agricultural purposes.

Trust Land Status: Section 5(b) lands of the Hawaii Admission Act

DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: Yes: ___ No: X

Character of Use: Diversified Agriculture

License/Lease Term: 30 years

Revocable Permit: N/A

Base Rental Rate: Year 1-3 $3,200/year or $200/acre/year
Year 4-10 $6,400/year or $400/acre/year
Every 10 years Re-Open

BACKGROUND:

On August 27, 2015, the Agribusiness Development Corporation (ADC) accepted a set-aside of 91 acres, shown in Exhibit A, for agricultural purposes, pursuant to Executive
Order No. 4480. The transferred land consists of two tax map keys, (1) 9-4-012-001 & 003. When ADC received the land, it was overgrown with trees and tall grass and encumbered by several public utility and U.S. Government easements, appurtenances, and an access road at the Kunia "Tunnel" Field Station near Schofield Barracks that land locks a portion of the property. Negotiations with the U.S. Government to reconcile this issue are ongoing. It was also evident that illegal dumping and unauthorized vehicular access was occurring on the property.

On January 27, 2016, the ADC Board approved the issuance of a Revocable Permit to Waiekele Farms to secure the property and prepare the land for crop production. Waiekele Farms began clearing and removing refuse and abandoned vehicles and secured the property by installing a barrier gate and boulders along the perimeter of the property. Since these measures were put in place, unauthorized entry and trash dumping in the area have ceased. At the same time ADC was making efforts to put these vacant plantation lands into production, the U.S. Government developed utilities, installed security fencing, and created roads, which essentially cut off ADC's access to portions of ADC's property. Negotiations with the U.S. Government to reconcile the access issue stalled and the agreement between ADC and Waiekele Farms was never fully executed. Currently, ADC and the U.S. Government are continuing to discuss access issues.

On February 12, 2021, the ADC received a request from Waiekele Farms for a long-term license agreement to farm the subject area. Waiekele Farms is one of the largest producers of cucumbers, tomatoes, melons, bell peppers, cabbage, and bananas. They want to expand their business and farm on land that is near their current Kunia operation.

LAND REQUEST:

The subject area has access via dirt road on Kunia Road. The land is relatively flat and there are water sources nearby. The land has not been farmed in decades and will be issued as is. The Licensee has agreed to be responsible for the development of the irrigation water infrastructure, including a waterline installed under Kunia Road to bring water to the property. The land will also require clearing and soil amendments before any agricultural activities can begin. The U.S. Government has cut off access to over half of the property and it is estimated that the initial phase of development will allow for only 16 productive acres.

OPERATIONAL PLAN:

The applicant plans to continue to grow fruits and vegetables including but not limited to cabbage, bell pepper, watermelon, tomato, and banana. The applicant will deploy a plan with conservation practices, correct soil chemistry, and an efficient irrigation system. Waiekele Farms plan is to get a conservation plan in place, acquire and incorporate coral sand (to condition the soil); disc/plowing (2 to 4 times); bringing in water infrastructure from neighboring parcels; drip irrigation installation; and equipment hauling. It will take 18 months to prepare the land for crop production and achieve 100% utilization.
CONSERVATION PLAN:

The applicant is required to develop a conservation plan and submit it for ADC’s approval.

CONCLUSION:

Since the majority of the 91 acres is currently inaccessible because of several public utility and U.S. Government easements, appurtenances, and the U.S. Government and public utility road, the ADC is requesting approval to issue Waikele Farm an agreement for the property, but only assess the rental rate based on the usable portion (16 acres) and to classify the remaining acreage as unusable, or "untillable." The applicant agrees that in the event more acreage becomes accessible, then the ADC may verify the acreage and increase the base rental rate accordingly.

RECOMMENDATION:

Approve the issuance of a license to Waikele Farms Inc. for agricultural purposes in Kunia, Oahu, TMKs 9-4-012-001 and 003, subject to the following terms and conditions:

1. The term of this license shall be for 30 years;

2. The base rent rate shall be as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
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<tbody>
<tr>
<td>1-3</td>
<td>$3,200/year or $200/acre/year</td>
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<tr>
<td>4-10</td>
<td>$6,400/year or $150/acre/year</td>
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<tr>
<td>Every 10 years</td>
<td>Re-Open</td>
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3. The licensee shall be responsible for developing the water infrastructure, and obtaining a water user permitting and/or agreement (if applicable); and

4. No subletting to be permitted without ADC’s prior approval in writing.

Respectfully submitted,

James J. Nakatani  
Executive Director
February 24, 2021

Subject: Request for Approval to Renew Revocable Permit No. 7299 issued to Senter Petroleum for 0.5 Acres, More or Less, in Kekaha, Kauai, for One Year, Tax Map Key (4) 1-2-002-001 (por)

Applicant: Senter Petroleum, Inc.

Authority: Section 163D-4(a)(1), (5), Hawaii Revised Statutes

Area: 0.5 acres, more or less

Field No.: Kekaha Mill Yard (informally)

Tax Map Key: (4) 1-2-002-001 (por)

Land Status: Encumbered by Governor's Executive Orders 4007, modified by Executive Orders 4034 and 4165, to the Agribusiness Development Corporation for agricultural purposes.

Trust Land Status: Section 5(b) lands of the Hawaii Admissions Act

DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: Yes

Character of Use: Industrial

Lease/License Term: N/A

Revocable Permit: 1 Year

Base Rental Rate: $1,125/month

BACKGROUND:

In September 2003, Governor's Executive Order No. 4007 was signed, setting aside approximately 12,500 acres of the former Kekaha Sugar lands to the ADC from the Department of Land and Natural Resources ("DLNR"). Revocable Permits ("Permit(s)") that had been issued by the DLNR for these lands were transferred to the ADC in
November 2003. Senter Petroleum (Permittee) is one of two Permits that have not converted to long term licenses.

Land utilization of the 0.5 acre upon which above-ground storage tanks are constructed (see “Exhibit A”) include petroleum storage, sales and distribution, as well as access to the site from Kekaha Road. The Permittee has expressed interest in negotiating a long-term lease in the future as they are exploring the possibility of improving the site, but no details have been discussed.

In July 2017, the Permittee submitted their Spill Prevention Control and Countermeasure Plan to the ADC. Further, Permit conditions include a clause that requires the Permittee to conduct a Level One Hazardous Waste Evaluation and conduct a complete abatement and disposal program, if necessary, prior to termination of the Permit.

The Permittee is in good standing with the ADC and is current with all rent payments.

RECOMMENDATION:

Staff recommends that the Board approve the renewal of Revocable Permit No. 7299 issued to Senter Petroleum, Inc. subject to the following conditions:

1. Term shall be retroactive to and effective January 1, 2021

2. All other terms and conditions shall remain unchanged

Respectfully submitted,

James J. Nakatani
Executive Director
EXHIBIT A

1. Aerial Overview
Request for Approval to Renew Revocable Permit No. 7299
Issued to Senter Petroleum for 0.5 Acres, More or Less, in Kekaha, Kauai, for One Year, Tax Map Key (4) 1-2-002-001 (por)
February 24, 2021
Page 4 of 4
February 24, 2021

Subject: Request to Adopt the ADC Tenant Review and Recommendation Committee’s Findings and Recommendations for Developing a Solicitation to Interested Farmers

Authority: Section 163D-4(a)(5), Hawaii Revised Statutes

BACKGROUND:

The Agribusiness Development Corporation (ADC) is preparing to solicit applications from interested farmers and cattle ranchers to fill its vacant agricultural lands on Oahu. The ADC Tenant Review and Recommendation Committee (“Review Committee”) has been asked to help ADC to 1) Develop criteria for the qualification and selection of potential tenants of vacant ADC agricultural lands on Oahu, 2) Develop a fair and effective solicitation processes for the submission of applications and 3) Upon completion of the solicitation process, review and evaluate the applications received in accordance with the qualification and selection criteria and select the best applicants. The objective is to refine the Request for Applications Notification and the Rating Sheet for Applications to ensure ADC retains highly qualified agricultural operators who can help the State increase local food production.

The Review Committee met with ADC staff virtually to examine ADC’s current the solicitation process, application requirements, and selection criteria to determine which of these can be improved for better applicant screening.

FINDINGS

Finding #1:

The current Request for Applications notification lacks information about the available parcels. The committee has reason to believe that the applicants may not have enough information about the availability of water and condition of the land to develop a sound proposal. Information such as the condition of the land, source of water, water quality, easements, and distance to the water source were not included.

Finding #2:

More emphasis or weight needs to be placed on farming practice when screening applications. This qualification should be considered as a high priority. Most of the problems and challenges ADC if facing is caused by farmers who lack these qualifications.
Finding #3:

A minimum size for field crops should be established to ensure the farmer has enough area to implement crop rotation with cover crops and other non-food crops for pest mitigation. Furthermore, the committee believes it's important that the farmer has enough farmland to achieve the economies of scale.

Finding #4:

Information about who operates the water infrastructure is needed to inform the applicant who they would need to contact for more information about the type of agreement, access, availability, and delivery of irrigation water to the parcels.

RECOMMENDATIONS

The discussion has suggested that revisions to the Request for Applications notification is needed. With this report is the draft request for applications that incorporates the committee's recommendations for the Board's review and consideration. The committee's recommendations are summarized below:

Recommendation #1:

Making certain changes to the Request for Applications notification by including more information about the location, water source, condition of the parcels and technical non-substantive changes. Include a site visit, so applicants can observe the current state of the farmland.

Recommendation #2:

Amend the rating sheet for applications to place emphasis/weight qualifications on categories deemed high priority. Changes to the rating sheet include the following:

- Adjust the weighted scale in the rating sheet to place more weight (+5 points) on farming practices; and

- Combine in Finance, “Adequate Financing” and “Project Cash Flow” into one category entitled, “Adequate Financing” for a total weight of 40 points to remove redundancy in the sub-categories.

Recommendation #3:

Propose a minimum size of 100 acres for field crops.

Recommendation #4:

Making certain changes to the Request for Applications notification by including information about who operates the water infrastructure.
CONCLUSION

ADC’s goal is to develop a process to find the most qualified applicants and award land licenses to agricultural operators who can help ADC double the local food production. Refining the Request for Application notification and including the committee’s recommendations will ensure the interested applicants are well-informed of the condition of the farmland and requirements prior to applying for a land license. ADC’s target date to issue the notification to interested farmers is March 3, 2021.

RECOMMENDATIONS

Adopt the ADC Tenant Review and Recommendation Committee’s Findings and Recommendations for Developing a Solicitation to Interested Farmers.

Respectfully submitted,

James J. Nekatani
Executive Director
Agribusiness Development Corporation
Rating Sheet for Applications

Applicant's Name: __________________________

Instructions:
The ADC seeks to award its Licenses to applicants based on merit. The following is a list of preferred qualifications to assist the ADC in distinguishing between suitable and highly qualified applicants. For each of the following categories (1-5), award points to the applications that exemplify superior or exceptional characteristics that contribute to the specific criterion.

1. **Experience:**
   Does the applicant have farming experience? The applicant should have a minimum of 5 years of experience.

   Farming Experience 15 pts ___

2. **Marketability of Product:**
   Do the crops selected appeal to consumers and will they generate profit? The crops should be able to contribute towards the State's goal of replacing import crops, be produced and sold for a price that is profitable and have an established market.

   Demand/Market Size 10 pts ___
   Import replacement 10 pts ___

3. **Finance:**
   Has the applicant demonstrated adequate financial ability? The applicant should provide reliable cash flow projections that show the financial state of their operation. The applicant should have adequate capital (cash and/or line of credit, etc.) to meet all cash requirements outlined in their business plan and utilization plan.

   Adequate Financing 40 pts ___

4. **Business Plan:**
   Has the applicant demonstrated adequate goals and strategies to achieve them? The applicant's business plan should provide a formal statement of business goals, reasons they are attainable, and plans for reaching them. The plan should also include background information about the business, organization, partners, or team attempting to reach those goals.

   Business Plan 15 pts ___
   a) Timeline
   b) Production Schedule
   c) Organizational structure
5. **Farming Practices:**

Does the applicant's operation meet basic regulatory requirements and industry standards regarding safety and sanitation? It is highly recommended that the applicant's operation complies with food safety and good agricultural practices standards, or have plans to meet these standards in the near future.

Good Agricultural Practices 10 pts ___

**TOTAL POINTS:** ___________ (Maximum 100 points)

**Comments/Notes:**

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Reviewed by: ____________________________

Dated: ____________________________
To: Interested applicant

RE: Request for Applications

The State of Hawaii Agribusiness Development Corporation (ADC) is accepting applications from interested farmers and cattle ranchers seeking land for agricultural production and pastural use. All interested applicants can go to the ADC website at http://hdoa.hawaii.gov/adc/land-application/ to obtain an application form, or they can contact the ADC office at (808) 586-0186. Office hours are 8:00 a.m. to 5:00 p.m., Monday through Friday, except holidays.

The ADC has available vacant lands for agricultural production on Oahu, identified as Tax Map Keys: 6-4-003-016, 6-4-004-006 & 008, 7-1-001-005, 7-1-001-012, 7-1-002-034 and 006, 7-1-002-041, 046, & 047, and 9-5-003-007 (see attached general location map). Multi-year License to farm these lands or occupy for pastural use will be issued based on merit. All applications will be rated and only the highest rated applicants will be selected. Cattle ranchers may apply for the available parcels, however, preference will be given to crop farmers. Accordingly, we are seeking farmers and ranchers with the following prerequisites:

- Minimum 5 years farming experience; or
- Owner-operator of an established farm conducting a substantial farming or cattle ranching operation.
- Food safety, GAPs, Pesticide Application trained and certified highly preferred.

All applications will be rated 0-100 points based on the following questions:

1. Does the applicant have farming experience? (Max score: 15)
2. Do the crops selected appeal to consumers and will they generate profit? (Max score: 20)
3. Has the applicant demonstrated adequate financial ability? (Max score: 40)
4. Has the applicant demonstrated adequate goals and strategies in their business plan to achieve them? (Max score: 15)
5. Does the applicant's operation meet basic regulatory requirements and industry standards regarding safety and sanitation? (Max score: 10)
The following are the available parcels:

1. Paalaa Uka, Kamehameha Hwy./Paalaa Uka Pupukea Rd., TMK: 6-4-003-016

   A. **Size:** 511 Gross Acres, approximately 385 is usable for diversified farming. Minimum size lot for diversified agriculture operation is 100 acres.

   B. **Location:** Paalaa Uka, Oahu, gates to the property located on Kamehameha Hwy. and Paalaa Uka Rd.

   C. **Water source:** A pump station owned by Dole is located across Kamehameha Hwy., approx. 500 yards from the property. Second possible water source is an irrigation ditch running on the northern end of the property. Licensee will need to procure an agreement from Dole to use water from the pump station or R2 ditch water. The Licensee is also responsible for the development of the irrigation water infrastructure, including transporting water and constructing its own water storage onsite.

   D. **Condition of property:** The property has several abandoned vehicles on site, as well as, debris and rubbish. The land is overgrown with grass and tall trees. The land will require clearing before any agricultural activities can begin and will be issued as is. The Licensee is responsible for developing the land in accordance with applicable laws and license provisions. Access from Kamehameha Hwy. on the West boundary for several hundred yards makes security a concern for the farmer.

The following are the general license provisions for diversified agriculture:

- Starting at $100-$200/acre/year
- Up to 35-year term
- Licensee is responsible for the development of the water infrastructure
- Must submit an approved conservation plan
- No subletting or assignments, except as approved by ADC
- No permanent structure or residential dwellings shall be allowed
- Rent credit for improvements to the land may apply

The following are the general license provisions for cattle ranching:

- Starting at $TBD/acre/year
- 5 years with an option to renew
- Licensee is required to install cattle fencing at its own cost
- Licensee is responsible for the development of the water infrastructure
- No subletting or assignments except as approved by ADC
- No permanent structure or residential dwellings shall be allowed
- Rent credit for improvements to the land may apply
2. Whitmore Lands (North), Kamehameha Hwy., TMK(s) 6-4-004-006 & 008

A. **Size:** 234 Gross Acres, approximately 162 acres is usable for diversified farming

B. **Location:** Whitmore Village, Oahu, Kamehameha Hwy. access to the property is currently blocked by concrete jersey barriers. Access road via Saipan Rd. is in poor condition due to muddy and uneven road.

C. **Water Source:** Dole's Tanada Reservoir (surface water) located 200 feet more or less from the property line. Licensee will need to procure an agreement from Dole to use water from Tanada Reservoir. The Licensee is also responsible for the development of the irrigation water infrastructure, which includes a pump, filter station, waterlines, and a reservoir/water storage, and other equipment needed to transport water from Dole's reservoir to the site.

D. **Condition of property:** Property is fairly clear of debris and rubbish; however, it is overgrown with grass and trees. The land will require clearing before any agricultural activities can begin and will be issued as is. The Licensee is responsible for developing the land in accordance with applicable laws and license provisions.

The following are the general license provisions for diversified agriculture:

- Starting at $100-$200/acre/year
- Up to 35-year term
- Must submit an approved conservation plan
- Licensee is responsible for the development of the water infrastructure
- Licensee is responsible for obtain approvals or permits for ingress/egress
- No subletting or assignments, except as approved by ADC
- No permanent structure or residential dwellings shall be allowed
- Rent credit for improvements to the land may apply

The following are the general license provisions for cattle ranching:

- Starting at $TBD/acre/year
- 5 years with an option to renew
- Licensee is required to install cattle fencing at its own cost
- Licensee is responsible for the development of the water infrastructure
- Licensee is responsible for obtain approvals or permits for ingress/egress
- No subletting or assignments, except as approved by ADC
- No permanent structure or residential dwellings shall be allowed
- Rent credit for improvements to the land may apply
3. Whitmore Agricultural Lands, Whitmore Ave./Saipan Rd., TMK(s): 7-1-001-012, 7-1-002-041, 046, & 047, and 7-1-002-034 & 006
(These lands have been designated for green houses and orchards)

A. **Size:** TMK: 7-1-001-012 (32 gross acres); TMK: 7-1-002-041, 046 and 047 (205 gross acres); and TMK: 7-1-002-034, and 006 (179 gross acres)
   416 Gross Acres, 280 Acres, more or less, of relatively flat terrain

B. **Location:** Whitmore Village, Oahu, three (3) contiguous parcels with access via Whitmore Avenue and Saipan Road. Although contiguous these three (3) parcels could be considered as individual lots.

C. **Water source:** TMK: 7-1-002-034 currently has a ¾” water meter. The other two properties do not have access to a water source. The Licensee is responsible for the development of the lot’s irrigation water infrastructure, including transporting water and constructing its own water storage onsite.

D. **Condition of property:** Hawaiian Electric power source located on Whitmore Ave. All three of the properties will require clearing and removal of junk and abandoned vehicles before agricultural activities can begin. Lot 034 is relatively flat, but it will require removal of a lot of tree trunks that were left behind after cutting down hundreds of invasive Albizia trees. The property is adjacent to Whitmore Village along the West boundary so it could be susceptible to vandalism and theft. The lots will also require clearing of grass and trees before any agricultural activities can begin and will be issued as is. The Licensee is responsible for developing their individual lots in accordance with applicable laws and license provisions.

<table>
<thead>
<tr>
<th>TMK: 7-1-001-012</th>
<th>32 gross acres</th>
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</thead>
<tbody>
<tr>
<td>TMK: 7-1-002-041, 046, and 047</td>
<td>205 gross acres</td>
</tr>
<tr>
<td>TMK: 7-1-002-034, and 006</td>
<td>179 gross acres</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>416 gross acres, more or less</strong></td>
</tr>
</tbody>
</table>

The following are the general license provisions for diversified agriculture:

- **Starting at $100-200/acre/year**
- **Up to 35-year term**
- **Must submit an approved conservation plan**
- **Licensee is responsible for the development of the water infrastructure**
- **No subletting or assignments, except as approved by ADC**
- **No permanents structure or residential dwellings shall be allowed, except as approved by ADC**
- **Rent credit for improvements to the land may apply**
Request for Applications  
February ___, 2021  
Page __ of 7

The following are the general license provisions for cattle ranching:

- Starting at $TBD/acre/year
- 5 years with an option to renew
- Licensee is required to install cattle fencing at its own cost
- Licensee is responsible for the development of the water infrastructure
- No subletting or assignments, except as approved by ADC
- No permanent structure or residential dwellings shall be allowed
- Rent credit for improvements to the land may apply

4. Mililani Mauka, Keni St., TMK: 9-5-003-007

A. **Size:** 91 Gross Acres, farmable acres TBD.

B. **Location:** Mililani Mauka, Oahu, access is through a Board of Water Supply (BWS) gate on Keni St.

C. **Water source:** The property is adjacent to BWS Storage Tanks identified as Mililani 1150 Reservoirs 1 & 2. Licensee will need to procure an agreement from BWS to install a water meter. The Licensee is also responsible for the development of the irrigation water infrastructure, including water storage.

D. **Condition of property:** The lot has not been farmed in decades and is overgrown with tall grass and trees. Access through two secure gates has deterred illegal dumpers and will stop most thieves. However, large trucks and equipment would have a difficult time accessing the property due to steep and narrow access road to the property. The lot will require clearing before any agricultural activities can begin and will be issued as is. The Licensee is responsible for developing the land in accordance with applicable laws and license provisions.

The following are the general license provisions for diversified agriculture:

- Starting at $100-$200/acre/year
- Up to 35-year term
- Must submit an approved conservation plan
- Licensee is required to pay BWS water meter installation cost
- Licensee is responsible for the development of the water infrastructure
- No subletting or assignments, except as approved by ADC
- No permanent structure or residential dwellings shall be allowed
- Rent credit for improvements to the land may apply
The following are the general license provisions for cattle ranching:

- Starting at $75/acre/year
- 5 years with an option to renew
- Licensee is required to install cattle fencing at its own cost
- Licensee is required to pay WSS water meter installation cost
- Licensee is responsible for the development of the water infrastructure
- No subletting or assignments, except as approved by ADC
- No permanent structure or residential dwellings shall be allowed
- Rent credit for improvements to the land may apply

5. Galbraith Agricultural Lands (North), Kamehameha Hwy., TMK: 7-1-001-005
   (These lands have been designated for truck crops, no cattle ranching)

A. **Size:** 230 Gross acres, farmable acres TBD.

B. **Location:** Whitmore Village, Oahu, Access through gate located on Kamehameha Hwy.

C. **Water source:** There is a reservoir on the property connected to ADC's Bott Well Pump Station. The water line from Kamehameha Hwy. to the reservoir has a saddle connection that the farmer may use for their operation. The licensee will need to procure an agreement from ADC to use water from the Bott Well Pump Station and install a water meter. The Licensee is responsible for the development of the lot's irrigation water infrastructure, including transporting water from a water meter designated by ADC and constructing its own water storage onsite.

D. **Condition of property:** There are numerous abandoned vehicles and trash on a portion of the property that need to be removed. 90 acres, more or less do not have any abandoned vehicles or trash and has recently been cleared. The lot will require clearing of grass and small trees before any agricultural activities can begin and will be issued as is. The Licensee is responsible for developing the land in accordance with applicable laws and license provisions.

The following are the general license provisions for the Galbraith Agricultural Lands:

- Starting at $100-$200/acre/year
- Up to 35-year term
- Must submit an approved conservation plan
- Licensee is responsible for the development of the water infrastructure
- No subletting or assignments, except as approved by ADC
- No permanent structure or residential dwellings shall be allowed
- Rent credit for improvements to the land may apply
A site visit of the available parcels will be held on ______________, from 9:00 a.m. - 2:00 p.m. This will be the only site visit. All interested applicants who wish to attend the site visit shall meet at 1116 Whitmore Ave., Building E, Wahiawa, HI 96786. For more information about the site visit, please contact the ADC office.

Applications shall be submitted to the ADC Office before 2:00 p.m., ______________. The applicants are required to answer all applicable questions and complete all attachments as prescribed in the application. Any incomplete application will automatically be disqualified. All completed applications shall be mailed to 235 S. Beretania St., Room 205, Honolulu, HI 96813. Application may also be submitted electronically to the following: hdoa.adc@hawaii.gov. For more information about the parcels, interested applicants can contact the ADC Office at (808) 586-0087.

The disposition of licenses may be canceled, postponed or continued from time to time, as may be deemed necessary, by publication of notice to that effect by order of the Executive Director of ADC.

***

The Agribusiness Development Corporation does not discriminate on the basis of race, color, sex, national origin, age, or disability, or any other class as protected under applicable federal or state law, in administration of its programs, or activities, and, the Agribusiness Development Corporation does not intimidate or retaliate against any individual or group because they have exercised their rights to participate in actions protected, or oppose action prohibited, by 40 C.F.R. Parts 5 and 7, or for the purpose of interfering with such rights.

If you have any questions about this notice or any of the Agribusiness Development Corporation's nondiscrimination programs, policies, or procedures, you may contact:

Myra Kaichi, Acting Non-Discrimination Coordinator
Agribusiness Development Corporation
235 S. Beretania Street, Room 205, Honolulu, HI 96813,
(808) 586-0186
hdoa.adc-1@hawaii.gov

If you believe that you have been discriminated against with respect to an Agribusiness Development Corporation program or activity, you may contact the Non-Discrimination Coordinator identified above.

To request language or accessibility for this Request for Applications, please contact the Agribusiness Development Corporation, at (808) 586-0186 or email: hdoa.adc@hawaii.gov. Please allow sufficient time for the Agribusiness Development Corporation to meet accommodation requests.
Recommendations

ADC should:

1. Update and revise its mission statement to reflect the corporation’s purpose more completely as intended by the Legislature to address, among other things, facilitating the development of Hawai‘i-based agricultural enterprises and strategies to promote, market, and distribute Hawai‘i-grown agricultural crops and value-added products in local, national, and international markets.

2. Develop goals, objectives, policies, and priority guidelines that articulate and outline an agribusiness development strategy.

3. Develop an inventory of agricultural lands with adequate water resources that are or will become available due to the downsizing of the sugar and pineapple industries or for any other reason that can be used to meet present and future agricultural production needs.

4. Develop an inventory of agricultural infrastructure that was or will be abandoned by the sugar and pineapple industries or by any other organization involved in the production of agricultural products such as irrigation systems, drainage systems, processing facilities, and other accessory facilities.

5. Prepare an analysis of imported agricultural products and the potential for increasing local production to replace imported products in a manner that complements existing local producers and increases Hawai‘i’s agricultural self-sufficiency.

6. Develop financial and other programs (such as advisory, consultative, training, and educational) to promote and facilitate the development of diversified agriculture and agricultural enterprises.

7. Develop feasible strategies for the promotion, marketing, and distribution of Hawai‘i agricultural crops and value-added products in local, national, and international markets.

8. Develop strategies to ensure the provision of adequate air and surface transportation services and associated facilities to support the agricultural industry in meeting local, national, and international market needs.
9. Develop proposals to improve data collection and the timely presentation of information on market demands and trends that can be used to plan future harvests and production.

10. Develop strategies for federal and state legislative actions that will promote the development and enhancement of Hawai‘i’s agricultural industries.

11. Prepare, and revise as required, the Hawai‘i Agribusiness Plan.

12. Prepare short- and long-range strategic plans to facilitate development of Hawai‘i-based agricultural enterprises to grow and export agricultural crops and value-added products.

13. For each project, prepare or coordinate the preparation of business and agricultural development plans, as required by Section 163D-7, HRS.

14. Evaluate retaining consultants and other outside technical assistance to develop a current Hawai‘i Agribusiness Plan, short- and long-term strategic plans, business and agricultural development plans, and other tasks necessary to carry out the purposes of Chapter 163D, HRS.

15. Obtain and document approval by the Board of Agriculture for agricultural projects, agricultural development plans, and project facility programs, before implementation, as required by Section 163D-8.5, HRS.

16. Obtain from the Board of Agriculture its policies and procedures for approval of ADC’s projects under Section 163D-8.5, HRS, including any delegations of authority.

17. Twenty days before each legislative session, submit a report of the corporation’s plans and activities to the Legislature and Governor, as required by Section 163D-19, HRS.

18. Develop written policies and procedures relating but not limited to:

   a. ADC Board oversight. The policies and procedures should address, among other things, the matters or types of matters that must be presented to the Board for information, consideration, and/or action; criteria establishing the actions which the Executive Director may authorize without the Board’s approval, including powers delegated by the Board to the Executive
Director, if any, as well as the process to periodically review the delegated authority; and the recordation of actions taken by the Board, which may include, among other things, confirmation of the Board’s approvals, approvals with amendments, rejections, and/or deferrals;

b. Land and other ADC-owned property disposition application processes. The policies and procedures should address, among other things, the internal processes for evaluating applications for use of ADC-owned property (license, permit, right of entry, etc.), including criteria upon which applications are evaluated; and checklists to document completion of each step of the process, receipt of required information, and timely communication with the applicant.

c. Property management. The policies and procedures should address, among other things, the process to confirm the receipt of all required documentation and other information, such as certificates or other evidence of compliance with federal and state requirements, performance bonds or other security, certificates or other evidence of insurance; for inspection of ADC properties, including the information or types of information that should be documented and the frequency of inspections; for enforcement of license/permit/right-of-entry terms and conditions, including, issuance of notices of default; to evaluate the need for and type of security measures for a specific parcel; and to document completion of required processes or activities.

d. File and document management. The policies and procedures should address, among other things, the types of documents retained by ADC and organization of those documents; staff responsibility for performing each file and document management task; document retention; and reporting of any release of personal information.

19. Create an electronic database that includes, among other things, an inventory of the corporation’s lands, improvements, and other assets. The database should include all information reasonably necessary to manage those assets, such as the material terms of licenses, permits, rights of entry, and other agreements to use or occupy ADC assets; and should allow ADC to generate reports necessary for management of its
assets, such as current tenant lists, vacancy rates, rent rolls, rent reopening dates, and license, permit, or right of entry termination dates.

20. Create a filing system (or electronic document management system) that maintains documents in an organized manner and allows for the efficient retrieval of documents and/or files.

21. Evaluate the retention of a private property management company to manage some or all of ADC’s properties.

22. Promulgate administrative rules to address, among other things, the application process for the use of ADC lands and other assets, including ADC’s process for evaluating applications; ADC’s administration and enforcement of the terms and conditions of licenses, permits, rights of entry, and other conveyance instruments, including those relating to inspections, notices of default, termination, eviction, and appeal rights; criteria and other procedures to create subsidiaries; criteria and other procedures to co-venture, i.e., to invest in qualified securities of an agricultural enterprise, and to make direct investment in an agricultural enterprise; criteria and other procedures to apply and qualify for allowances and grants; criteria and other procedures to exercise ADC’s right of withdrawal from licenses, permits, and rights of entry; and criteria and other procedures to apply and qualify for rent credits.

23. Evaluate the need to procure insurance against loss in connection with ADC-owned properties.

24. Obtain an opinion from the State Procurement Office as to whether the corporation’s practice of offering negotiated rent credits to tenants and prospective tenants in exchange for services in common areas, unoccupied properties, or properties occupied by other tenants, such as road and reservoir construction, and/or materials is permitted under the Hawai‘i Procurement Code.

25. Attend training on the Hawai‘i Procurement Code, Chapter 103D, HRS.

26. Fill vacant staff positions with qualified persons in a timely manner.

27. Develop and document annual performance goals and measures for each staff.
28. Evaluate each staff’s performance annually and document that evaluation.

The recommendations below are addressed to the Board of Directors, specifically, and relate to issues that are the exclusive responsibility of the Board of Directors. The recommendations addressed to ADC, above, are also directed to the Board of Directors, as the head of the corporation, and should be addressed by the Board of Directors in conjunction with the ADC staff. Actions to implement the recommendations should be approved by the Board of Directors, as needed, to provide the appropriate oversight and direction of the corporation. We will request documentation of that approval by the Board of Directors as part of our “active” review of ADC’s implementation of the audit recommendations.

We will ask ADC to provide us with the status of its implementation of the audit recommendations as part of our annual Status of Implementation of Audit Recommendations report that compiles all the recommendations from audits issued during the past five years. Two or three years from today, we will conduct a more rigorous review of ADC’s implementation of the recommendations, which we refer to as an “active” review, that includes interviews of select agency personnel as well as examining the relevant policies, procedures, records, and documents to assess the agency’s actions to address the recommendations.

The Board of Directors should:

29. Develop and document annual goals and performance measures for the Executive Director that allow the Board to evaluate the Executive Director’s work, annually, to ensure compliance by the corporation with statutory requirements and achievement of its statutory purposes, among other things.

30. Evaluate the Executive Director’s performance annually based on the annual goals, performance measures, and other relevant criteria; document that evaluation.

31. Document the specific authority delegated to the Executive Director, including, but not limited to, the types of access and use of ADC property for which the Executive Director can
31. Document the specific authority delegated to the Executive Director, including, but not limited to, the types of access and use of ADC property for which the Executive Director can approve without notice to or approval by the Board; and the rent credits and other amendments to Board-approved contract terms for which the Executive Director can approve without notice to or approval by the Board.

32. Attend training on the State’s open meetings law (the Sunshine Law), Part I of Chapter 92, HRS.

33. Ensure that the Board’s minutes sufficiently document “[t]he substance of all matters proposed, discussed, or decided,” among other things, as required by Section 92-9(a)(3), HRS.
1. **Paalaa Uka, District of Waialua**

   ADC closed on the land acquisition of an additional 114.504 acres on December 31, 2020. Although the sale closed, Dole has until April within which to mow some grassy areas, trim a couple of large trees, and improve some internal farm roads. Sixty acres are currently under license in a hold over status. The licensee is working with ADC to get his operation up to ADC standards so that he can apply for a new ADC license. There is also interest in the adjacent 40 acres or so next to the existing tenant, and 3 acres designated as a drainage easement adjacent to the 40 acres.

2. **Kalepa**

   In Kalepa, licensee Laurie Ho requested to terminate her license (LI-KA1413) effective December 31, 2020. Recent inspection of the premises on January 11th revealed that the abandoned vehicles, farm equipment, and tent had been removed from the premises. ADC will shortly be refunding her monies related to her security deposit and performance bond.

3. **Legislative Update**

   The Hawaii State Legislature introduced a number of bill pertaining to ADC. Measures that are being heard in the respective Agriculture Committees is S.B. 335 and H.B. 1271.

   S.B. 335 requires the Department of Agriculture and Agribusiness Development Corporation to annually lease at least fifty per cent of land leased or up for lease renewal to operations whose primary business is local food production beginning 1/1/2022. Requires the Department of Agriculture and Agribusiness Development Corporation to submit reports to the legislature on leasing activities.

   H.B. 1271 dissolves the agribusiness development corporation and transfers all lands and staff, except for the executive director, to the department of agriculture. The ADC is tracking both measure and will provide updates as these measure move through the session.

   The ADC provided a tour of the Galbraith Lands to the Chair of the House Committee on Agriculture, Representative Mark Hashem (D-House District 18, Hahaione, Kuliouou, Niu Valley, Aina Haina, Waialae, Kahala) to inform him about ADC’s act.

4. **Guidance from Board on Requests for Interviews from Public Media, i.e. Civil Beat, Hawaii Public Radio**

5. **ADC Newsletter**

   See next pages.
In the past year, Agribusiness Development Corporation (ADC) has made considerable progress in making our properties in Wahiawa and on Kauai more suitable for farming.

One example of this is our 1,200-acre Galbraith Estate land north of Wahiawa, which the state purchased in 2012 for agricultural use.

Currently, 80 percent of the Galbraith Estate land is being cultivated by farmers growing food crops. The remaining 20 percent (240 acres) is undergoing preparations and should be utilized by the end of the year once the selected tenants receive approval by the Soil Conservation District on their respective soil conservation plan.

Some of the crops currently grown at the Galbraith site for the consumer market include bell peppers, tomatoes, cucumber, taro, eggplant, okra, papaya, citrus, avocado, banana, dragon fruit, watermelon, green onion, and tili leaves.

Water for irrigation was previously an issue, but has since been rectified. Repairs were made to the former Del Monte well (Batti Well) that provides much-needed water to the ADC property and tenants.

Two new reservoirs recently completed—10 million and 3 million gallons in size—are currently being filled with water to assist with farmers’ irrigational needs.

“We acknowledge there were challenges, including clearing and tilling the land and providing the necessary irrigational improvements,” said ADC executive director James Nakatani.

“Now that we’ve taken those major steps this past year, we can move forward with our goal of 100 percent occupancy of the land.”

Nakatani noted other improvements made in recent years at the Galbraith property:
The removal of over 150 abandoned vehicles since last summer by a private towing company to eventually clear the area for agricultural use.

- Hiring of a new security firm with increased patrols of our properties, particularly at night, to discourage illegal activity and theft/vandalism of our water infrastructure.

ADC wants to thank the community for their patience during our efforts to rehabilitate the land for cultivation.

NEXT STEPS FOR ADC

With the recent progress made at our Wahiawa properties, ADC is set to begin soliciting applications in Spring 2021 for its remaining 1,200 acres in the Central Oahu area (see areas shaded in green on map). An official announcement will be made in Spring 2021 to interested farmers and the general public.

Once applications are submitted, our ADC Board of Directors will then determine which applicants qualify as part of the selection process. Once the finalists are selected, we will begin negotiating terms of leases with the prospective tenants and announce new signees later this year.

Local farmers statewide have faced huge logistical and financial challenges from the recent pandemic, even greatly impacting tenants at our ADC properties on Oahu and Kauai. Regardless, our tenants have made major adjustments to their operations to continue providing much needed food supplies to our supermarkets, farmers' markets and other retail outlets.

We plan to build upon the state's goal of food sustainability by signing new tenants to our ADC lands and in continuing our partnerships with other key players in the agriculture community.

Christmas tree sales brisk at Helemano Farms

During this past holiday season, you may have seen the recent media coverage about our Christmas tree farm tenant, Helemano Farms.

Because of the high public demand for Christmas trees during this COVID-19 pandemic, Helemano Farms' entire seasonal inventory of 5,000 locally-raised Christmas trees was sold out by the first week of December!

Mahalo to the local community for their continual financial and moral support of our local farmers during these challenging times!