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5 **Minutes of the Board of Agriculture**
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7 CALL TO ORDER – The meeting of the Board of Agriculture was called to order on
8 June 26, 2018 at 9:00 a.m. by Board of Agriculture Chairperson Scott Enright, at the
9 Plant Quarantine Conference Room, 1849 Auiki Street, Honolulu, Hawaii 96819.

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11 **Members Present:**

12 Scott Enright, Chairperson, Board of Agriculture
13 Randy Cabral, Member-At-Large
14 Jerry Ornellas, Kauai Member
15 Glenn Hong, Member-At-Large
16 Vincent Mina, Maui Member
17 Diane Ley, Hawaii Member
18 Mary Alice Evans, Deputy, Department of Business Economic Development, Ex
19 Officio Member
20 Dr. Nicholas Comerford, Dean of the College of Tropical Agriculture & Human
21 Resources University of Hawaii, Ex Officio Member
22 Suzanne Case, Chairperson, Board of Land and Natural Resources
23

24 **Members Absent:**

25 Michelle Galimba, Member-At-Large
26

27 **Others Present:**

28 Yong Pak, HDOA/Agricultural Loan Division (AGL)
29 Linda Murai, HDOA/Agricultural Resource Management Division (ARM)
30 Roy Hasegawa, HDOA/ARM
31 Randy Teruya, HDOA/ARM
32 Glenn Okamoto, HDOA/ARM
33 Kirk Saiki, HDOA/ARM
34 Brian Kau, HDOA/ARM
35 Phyllis Shimabukuro-Geiser, HDOA/Deputy to the Chairperson
36 Krista Fuglestad, Hana Tropicals
37 W. Alan Hoeft, Island Mana'ia LLC
38 F. Gaylyne Hoeft, Island Mana'ia LLC
39 Brian Miyamoto, Hawaii Farm Bureau Foundation
40 Kathryn Stanawaym CGAPS
41 Bryan Yee, Attorney General's Office
42 Janelle Saneishi, HDOA/Chairperson's Office (CHR)
43 Micah Munekata, HDOA/CHR
44

45 **II. APPROVAL OF MINUTES FROM 2/27/18 and 5/29/18 MEETING**

1 Chairperson Enright deferred the 5/29/18 minutes until the next meeting.

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3 Motion to accept the 2/27/18 minutes: Mina/Cabral.

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5 Vote: Approved, 7-0 (Case absent, 1 abstention, Ley).

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7 III. INTRODUCTIONS

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9 IV. COMMUNICATIONS FROM DIVISIONS AND ADMINISTRATION

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11 Board member Case arrived.

12

13 A. AGRICULTURAL LOAN DIVISION

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15 1. Request for Approval of One (1) Direct New Farmer Loan to Island
16 Mana'ia, William Alan Hoeft and Fuafanua Gaylyne Hoeft, co-borrowers.

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18 Yong Pak, DOA/AGL, presented testimony as submitted. Staff recommends approval.

19

20 Motion to accept: Mina/Hong.

21

22 Board member Cabral asked if there was a financial plan on what the return will be on
23 investment. Mr. Pak showed the projections to the Board and stated that the numbers
24 are sufficient.

25

26 Gaylyne Hoeft and Alan Hoeft, Island Mana'ia LLC, came forward. Mr. Hoeft provided
27 his background with Cassava and how the farm will move forward.

28

29 Board member Mina asked if the applicant will be doing this grow out in a 60 foot
30 container with a certified kitchen. Mr. Hoeft said yes. He asked about the Health
31 Department signing off and asked if they will have a freezer. Mr. Hoeft said yes. Board
32 member Mina said that he supports this effort.

33

34 Board member Comerford said that the crop is drought tolerant, not drought resistant.

35

36 Board member Hong stated that the operation is on a sublease through Bishop Estate
37 with 14 acres, 7 acres in production. He asked what the length of the lease term. Mrs.
38 Hoeft said 25 years. Board member Hong said the projected annual lease is high and
39 asked about the Ulupono project to develop feed. Mr. Hoeft said for the last 2 years
40 they have been producing cassava feed and it has been successful. Board member
41 Hong asked if they have concluded if Cassava is a source for animal feed. Mr. Hoeft
42 said yes.

43

44 Board member Ley asked if they are negotiating an extension to their current lease with
45 7 years remaining. Mr. Hoeft said yes.

1
2 Board member Mina asked to explain toxicity of cassava and effect on animals. Mr.
3 Hoefft said they can eliminate the toxicity through fermented or sundried processing.
4 This can be done through cooking, frying, steaming, and removal of skin.

5
6 Vote: Approved, 9-0.

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8 B. AGRICULTURAL RESOURCE MANAGEMENT DIVISION

- 9
10 1. Request for Approval to Award a Non-Agricultural Park Lands Lease to
11 Nalani Plant Service, LLC, and 1st Back-Up Position to Joshua Stamm
12 and 2nd Back-Up Position to Perry Souvana, TMK: 1st Div/ 4-1-010:046,
13 Koolaupoko, Waimanalo, Island of Oahu, Hawaii

14
15 Linda Murai, DOA/ARM, presented testimony as submitted. Staff recommends
16 approval.

17
18 Motion to accept: Evans/Cabral.

19
20 Morris Atta, HDOA/ARM, called forward.

21
22 Chairperson Enright asked if this would be a nursery operation. Ms. Murai said yes.
23 Chairperson asked if the other two backups were for food production. Ms. Murai said
24 yes. Chairperson clarified that there were 8 applicants and 5 did not qualify.

25
26 Board member Evans asked if the highest bid being a nursery is a result of a higher
27 return as opposed to food. Ms. Murai said yes.

28
29 Board member Mina asked if there was any infrastructure on the land. Ms. Murai said
30 some old shade house frames and water. Board member Mina asked how big the
31 water meter was. Ms. Murai said there is no meter installed at the time. She said that
32 they have had issue with illegal occupiers on the lot. Because of that, Board of Water
33 Supply removed the meter due to illegal use. Board member Mina asked if the lease is
34 contingent on that being approved. Ms. Murai said the right of entry document will allow
35 for due diligence for the land, including addressing the water issue.

36
37 Board member Evans asked if a non-ag park lease would allow for residential
38 structures. Ms. Murai said with Board approval.

39
40 Chairperson Enright said that this is the difficult piece that has been occupied multiple
41 times in trying to lease the property out. Mr. Atta said that this was a parcel that had a
42 fire ant issue that was taken care of and had a number of other issues.

43

1 Board member Mina asked if lots next to this parcel have fire ants. Mr. Atta said he was
2 not aware of that. Board member Mina said that the nursery may have brought the ants
3 into the parcel.

4
5 Board member Ornellas said landscaping is agriculture technically, but they are
6 outbidding other farmers. He said the department should look to set aside land for non-
7 landscaping to allow for a level playing field of food production farmers.

8
9 Board member Evans asked if this would require statute or rules change to allow the
10 department to set aside parcels for food or nursery. Mr. Atta said the Board has
11 discretion to establish preferences and that this is a policy call. Setting aside specific
12 lots may be more cumbersome than setting a preference. This will allow a little more
13 flexibility. Chairperson Enright said that he has worked with HDOA/ARM to put
14 language into certain leases for food production. This particular piece is in the back of
15 Waimanalo. GoFarm had some interest but pulled out. He said that the parcel was not
16 the best for vegetable production. Each lease on this parcel has unfortunately not
17 worked out in the past. If this were a more productive piece for vegetable or food
18 production than we would pursue this.

19
20 Board member Ornellas stated his concern with tree and landscaping operation as they
21 will beat the farmer every time in bids. Chairperson Enright said that we need to take
22 care of the nursery industry too and a balance needs to be met.

23
24 Board member Cabral said he needs to make distinction between lease out to true
25 farmers vs. gardeners or even GoFarm. This should also be considered.

26
27 Vote: Approved, 9-0.

- 28
29 2. Request for Conversion of General Lease No. S-4296, Ernest F.
30 Carlbom and Donna A. Carlbom, TMK: 1st Div/4-1-010:007,
31 Koolaupoko, Waimanalo, Island of Oahu, Hawaii

32
33 Linda Murai, HDOA/ARM, presented testimony as submitted. Staff recommends
34 approval.

35
36 Motion to accept: Ornellas/Comerford.

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38 Vote: Approved, 9-0.

- 39
40 3. Request for Conversion of General Lease No. S-4016, Mahealani Farms,
41 Inc., TMK: 2nd Div/1-3-004:006 & 020, Kawaipapa, Wakiu, Hana, Island of
42 Maui, Hawaii

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44 Linda Murai, HDOA/ARM, presented testimony as submitted. Staff recommends
45 approval.

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2 Motion to accept: Mina/Hong.
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4 Krista Fuglestad, Mahealani Farms, came forward.
5
6 Board member Evans asked about Moringa. Krista said this is a tree with tiny leaves
7 and is considered the new superfood. She said that they dehydrate it and make
8 moringa lemongrass tea. They also make it as an additive for smoothies. She said that
9 it can grow in low quality soil. Board member Evans asked about planting to production
10 time period. Ms. Fuglestad said that they are growing and harvesting within 3 months.
11
12 Board member Comerford asked the applicants where do they acquire their seed
13 source. Krista said originally they had received seeds from HDOA. Board member
14 Comerford said Doctors Without Borders swear by Moringa and said it's originally from
15 India.
16
17 Board member Mina said the India variety is bigger leafed and the Filipino Kalamungai
18 is used here. He said that he has seen this operation and it is doing well.
19
20 Board member Case asked about lease conversion process and asked if there is any
21 public process for these and whether there is any new interest. Mr. Atta said that when
22 the Act 90 process went through, there is a process to renew with the BOA through that
23 public process and it is guided by statute.
24
25 Board member Hong asked about the 25% premium conversion for a period of up to 4
26 years and whether that time period is discretionary. Ms. Murai said that this is in
27 statute. Randy Teruya, HDOA/ARM, came forward. The 4-year premium is in statute,
28 up to 4 years. If lessee has been on the land for more than 4 years, than the maximum
29 premium paid would be up to 4 years. This is basically a privilege that is offered to the
30 tenants because there is a timeframe in which that opportunity can be taken. The lease
31 has to have less than 10 years but more than 5 years and that window is when you can
32 request a conversion of your lease. For that privilege, they would pay a 25% premium.
33 Board member Hong clarified that in practice you do the 25% for 4 years. Mr. Teruya
34 said yes. It is stated in statute.
35
36 Board member Ley said it is quite a large parcel and asked how much is in production.
37 Ms. Murai said the parcel being used is small. There is Miconia on the lot. They do not
38 use that bigger portion with the Miconia. When the appraiser did that report, they took
39 that into consideration. Board member Ley asked if the Board has a policy on invasive
40 species on a case by case basis. Ms. Fuglestad said that MISC does go up and
41 monitor and they do what they can. Board member Cabral confirmed that the lease
42 doesn't restrict the applicant from using the entire area. Ms. Murai confirmed this.
43
44 Board member Mina asked if there was Little Fire Ant on property. Ms. Fuglestad said
45 that they do not have little fire ant or coqui. Board member Mina asked about the

1 presence of any slugs. Ms. Fuglestad said they are eradicating as part of the HFUU
2 program.

3
4 Vote: Approved, 9-0.

- 5
6 4. Request for Conversion of Revocable Permit Nos. S-5231 and S-6721,
7 Joseph H. Young, Permittee, TMK: 2nd Div/1-1-005:036 (por), 1-1-005:017,
8 025, 034, 041, 045, 054 And 1-1-006:070, Wailua Homesteads, Wailua,
9 Koolau, Hana, Island of Maui, Hawaii

10
11 Linda Murai, HDOA/ARM, presented testimony as submitted. Staff recommends
12 approval.

13
14 Motion to accept: Comerford/Mina.

15
16 Board member Evans clarified the map covering various parcels. Ms. Murai said all
17 those parcels are adjacent to feed lots that are owned by the Young family. They are all
18 connected.

19
20 Vote: Approved, 9-0.

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22 Chairperson Enright called a 5-minute recess at 9:50 AM.

23
24 Chairperson Enright called the meeting back to order at 9:55 AM.

- 25
26 5. Request for Approval to Sublease Between the Hamakua Agricultural
27 Cooperative and Maritez Libed; General Lease No. S-7009, TMK: 3rd Div/4-
28 3-005:002 (por), Lot No. 14, Hamakua Pohakuhaku And Kemau 1st,
29 Hamakua, Island of Hawaii

30
31 Morris Atta, HDOA/ARM, presented testimony as submitted. Staff recommends
32 approval.

33
34 Motion to accept: Hong/Comerford.

35
36 Chairperson Enright asked if the master lease has 14 years left. Mr. Atta said yes.
37 Chairperson Enright said as we go forward and as Coop turns in master leases, would
38 HDOA issue 35-year leases to these subleases. Mr. Atta said that if the Coop would
39 disband and tenants would be considered for full 35-year leases. Staff is still
40 considering if this is appropriate for all sublessees at this time. There may be issue with
41 conversion of a DLNR lease and that they may not be able to avail a 35-year
42 arrangement. He said that they need to look at this carefully to convert from existing
43 master lease of Coop to lease with sublessees. Chairperson Enright said initially until
44 we subdivide, we would give licenses, which would run with the master lease. Mr. Atta
45 said that when we explained to the Coop that we cannot move without subdivisions, we

1 could offer licenses should they want to dissolve. The coop said they are not open to
2 that due to financing issues with a license. The Coop said that they would remain in
3 existence until subdivision occurs. The concept of issuing licenses is on the back
4 burner for now. We are working toward how to get the subdivision accomplished and
5 allow DOA to take over with direct leases.

6
7 Board member Hong asked is there are a lot of property not leased currently in this
8 Coop. Mr. Atta said yes. Board member Hong said that it is hard to lease them with
9 terms like this. Mr. Atta said there are numerous issues with the ag park and coop. It
10 does create a complicated situation. Chairperson Enright mentioned the unique nature
11 of this Coop. He said 93% of land is leased on the master lease. Several years ago, it
12 was closer to 60%. They assume all the liabilities on any piece not leased out and on
13 the roads. Essentially, the Coop leases land and bears the fiscal responsibility of doing
14 that. This was a model that didn't work out as intended.

15
16 Board member Mina said if it was turned to DOA, then they could handle the roads and
17 maintain the area. Chairperson Enright said that DOA does not have the budget to do
18 this and would need to acquire ample resources from the Legislature. We will need to
19 work with County on the subdivision. Mr. Atta said expenses for infrastructure and
20 maintenance is a common charge for ag parks. He explained some of the conceptual
21 models to move forward. Board member Mina asked if he could put this out to the
22 community for help. Mr. Atta said that this is normally funded through CIP Legislative
23 funds for infrastructure. Once that's in place, the ongoing maintenance is shared by
24 user.

25
26 Board member Case asked if they have authority for direct negotiation. Mr. Atta said
27 whatever they are doing for the conversion needs to be confirmed with the current DOA
28 authority. Chairperson Enright said this is unique and we are unclear on how to do this.
29 We need to get with legal counsel to find the way forward.

30
31 Chairperson Enright confirmed with the Board what the submittal is for and the vote.

32
33 Vote: Approved, 9-0.

- 34
35 6. Request for Approval of Consent to Assignment of (1) General Lease No.
36 S-4827, Genevieve Ululani Albert (Deceased), Assignor, to Patricia Louise
37 Leimomi Greene, Assignee; TMK: 3rd Div/1-5-16:045, Lot No. 18, Pahoia
38 Agricultural Park, Keone Poko Iki, Puna, Island of Hawaii, and (2) General
39 Lease No. S-4851, Genevieve Ululani Albert (Deceased), Assignor, to
40 Patricia Louise Leimomi Greene, Assignee; TMK: 3rd Div/7-3-049:034, Lot
41 No. 38, Keahole Agricultural Park, Phase II, Keahole, North Kona, Island of
42 Hawaii

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44 Morris Atta, HDOA/ARM, presented testimony as submitted. Staff recommends
45 approval.

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Motion to accept: Evans/Mina.

Board member Evans asked about toxicity and lava issues. Mr. Atta said they are in communication with County and HIEMA to assist impacts to farmers, particularly the papaya and floral industries. He said there is no specific policy to address this, but it has been the practice to find solutions for affected farmers.

Board member Mina asked about the effect on those farmers. Mr. Atta said no specific reports. There have been no requests from DOA tenants. Board member Ley said the impacts in Pahoa area have been limited. County did business impact survey with broad questions to gather information about what general business impacts there were. There were 70 responses from Ag businesses, but all over the board on impacts. They were primarily near the plume area or lava area. She said that she has not seen anything in the Pahoa area. There is potential, but not at the moment. Chairperson Enright said there are a number of nurseries impacted from eruption. They may find Pahoa a bit close to put up a nursery.

Vote: Approved, 9-0.

7. Request for Consent to Assignment of General Lease No. S-6004; Airdee Sybounmy and Touy Sybounmy, Assignor, to Touy Sybounmy, Assignee; TMK: 1st Div/5-6-006:032; Lot 4, Kahuku Agricultural Park, Koolauloa, Kahuku, Island of Oahu, Hawaii

Roy Hasegawa, HDOA/ARM, presented testimony as submitted. Staff recommends approval.

Motion to accept: Hong/Evans.

Vote: Approved, 9-0.

8. Certification of Acreage Assessments for the Honokaa-Paauilo, Kahuku, Molokai, Waimanalo, and Waimea Irrigation System, 2019 Fiscal Year

Glenn Okamoto, HDOA/ARM, presented testimony as submitted. Staff recommends approval.

Motion to accept: Ley/Cabral.

Board member Evans asked if each acre is \$88,000. Mr. Okamoto said that number is for the entire system. Board member Evans asked what the average amount was per acre in Waimanalo. Mr. Okamoto said that it is \$6.81 per acre per month.

1 Chairperson Enright asked if they have had a chance to see if these assessments come
2 close to what is needed to keep system running. Kirk Saiki, HDOA/ARM, said that they
3 have not had a chance to review that yet.

4 Board member Ley asked if these numbers roll over every year. Mr. Saiki said it is based
5 on the Legislative ceiling for operating costs. They deemed 30% of that would be base
6 level costs for operating the system. Chairperson Enright said when irrigation systems
7 came to DOA, the Legislature came up with the process to operate these systems. They
8 cut staffing in half and provided a formula to pay for systems. It doesn't work the way they
9 envisioned it.

10
11 Board member Hong asked if irrigation systems receives general funds. Mr. Saiki said that
12 they receive some general funds. Chairperson Enright said that DOA gets CIP money.
13 Board member Hong clarified the acreage assessments and how DOA adjusts this.

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15 Vote: Approved, 9-0.

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17 V. OLD BUSINESS

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19 None.

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21 VI. NEW BUSINESS

22
23 Chairperson Enright said that Phyllis Shimabukuro-Geiser would provide a quick update
24 on Kauai floods and Hawaii island eruptions.

25
26 Phyllis Shimabukuro-Geiser, HDOA/Deputy to the Chairperson, provided an update to
27 the Board. She said that Ag Loan officers went to Kauai and it is estimated at roughly
28 \$600,000 in ag loan disaster relief requests to date, with more potentially coming. DOA
29 put in a request for flood relief money as was set aside by the Legislature. DOA put in a
30 request for \$1.5 million. There would also be a portion for E. Honolulu on Oahu for
31 potential ag loan relief. She also mentioned a request to fund Waioli taro farmer relief
32 for road access to roughly 15 local farmers. She then briefed the Board about the 2
33 meetings attended in Puna for Papaya farmers interested in relief support. Growers
34 there included papaya, macadamia nut, and flowers.

35
36 Chairperson Enright thanked both Jerry Ornellas and Michelle Galimba for their service
37 on the Board as this was their last meeting.

38
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1 VII. ADJOURNMENT OF REGULAR MEETING

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3 Motion to adjourn meeting: Ornellas/Ley.

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5 Vote: Approved, 9-0.

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7 Meeting adjourned at 10:50 AM.

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10 Respectfully submitted,

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13
14 Micah Munekata
15 Board Secretary