Minutes of the Board of Agriculture

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

Members Present:
Scott Enright, Chairperson, Board of Agriculture
Randy Cabral, Member-At-Large
Jerry Ornellas, Kauai Member
Glenn Hong, Member-At-Large
Vincent Mina, Maui Member
Diane Ley, Hawaii Member
Mary Alice Evans, Deputy, Department of Business Economic Development, Ex Officio Member
Dr. Nicholas Comerford, Dean of the College of Tropical Agriculture & Human Resources University of Hawaii, Ex Officio Member
Suzanne Case, Chairperson, Board of Land and Natural Resources

Members Absent:
Michelle Galimba, Member-At-Large

Others Present:
Yong Pak, HDOA/Agricultural Loan Division (AGL)
Linda Murai, HDOA/Agricultural Resource Management Division (ARM)
Roy Hasegawa, HDOA/ARM
Randy Teruya, HDOA/ARM
Glenn Okamoto, HDOA/ARM
Kirk Saiki, HDOA/ARM
Brian Kau, HDOA/ARM
Phyllis Shimabukuro-Geiser, HDOA/Deputy to the Chairperson
Krista Fuglestad, Hana Tropicals
W. Alan Hoeft, Island Mana’ia LLC
F. Gaylyne Hoeft, Island Mana’ia LLC
Brian Miyamoto, Hawaii Farm Bureau Foundation
Kathryn Stanawaym CGAPS
Bryan Yee, Attorney General’s Office
Janelle Saneishi, HDOA/Chairperson’s Office (CHR)
Micah Munekata, HDOA/CHR

II. APPROVAL OF MINUTES FROM 2/27/18 and 5/29/18 MEETING
Chairperson Enright deferred the 5/29/18 minutes until the next meeting.

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

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

III. INTRODUCTIONS

IV. COMMUNICATIONS FROM DIVISIONS AND ADMINISTRATION

Board member Case arrived.

A. AGRICULTURAL LOAN DIVISION

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

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

Motion to accept: Mina/Hong.

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

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

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

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

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

Board member Ley asked if they are negotiating an extension to their current lease with 7 years remaining. Mr. Hoeft said yes.
Board member Mina asked to explain toxicity of cassava and effect on animals. Mr. Hoeft said they can eliminate the toxicity through fermented or sundried processing. This can be done through cooking, frying, steaming, and removal of skin.

Vote: Approved, 9-0.

B. AGRICULTURAL RESOURCE MANAGEMENT DIVISION


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

Motion to accept: Evans/Cabrao.

Morris Atta, HDOA/ARM, called forward.

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

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

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

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

Chairperson Enright said that this is the difficult piece that has been occupied multiple times in trying to lease the property out. Mr. Atta said that this was a parcel that had a fire ant issue that was taken care of and had a number of other issues.
Board member Mina asked if lots next to this parcel have fire ants. Mr. Atta said he was not aware of that. Board member Mina said that the nursery may have brought the ants into the parcel.

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

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

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

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

Vote: Approved, 9-0.


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

Motion to accept: Ornellas/Comerford.

Vote: Approved, 9-0.


Linda Murai, HDOA/ARM, presented testimony as submitted. Staff recommends approval.
Motion to accept: Mina/Hong.

Krista Fuglestad, Mahealani Farms, came forward.

Board member Evans asked about Moringa. Krista said this is a tree with tiny leaves and is considered the new superfood. She said that they dehydrate it and make moringa lemongrass tea. They also make it as an additive for smoothies. She said that it can grow in low quality soil. Board member Evans asked about planting to production time period. Ms. Fuglestad said that they are growing and harvesting within 3 months.

Board member Comerford asked the applicants where do they acquire their seed source. Krista said originally they had received seeds from HDOA. Board member Comerford said Doctors Without Borders swear by Moringa and said it’s originally from India.

Board member Mina said the India variety is bigger leaved and the Filipino Kalamungai is used here. He said that he has seen this operation and it is doing well.

Board member Case asked about lease conversion process and asked if there is any public process for these and whether there is any new interest. Mr. Atta said that when the Act 90 process went through, there is a process to renew with the BOA through that public process and it is guided by statute.

Board member Hong asked about the 25% premium conversion for a period of up to 4 years and whether that time period is discretionary. Ms. Murai said that this is in statute. Randy Teruya, HDOA/ARM, came forward. The 4-year premium is in statute, up to 4 years. If lessee has been on the land for more than 4 years, than the maximum premium paid would be up to 4 years. This is basically a privilege that is offered to the tenants because there is a timeframe in which that opportunity can be taken. The lease has to have less than 10 years but more than 5 years and that window is when you can request a conversion of your lease. For that privilege, they would pay a 25% premium. Board member Hong clarified that in practice you do the 25% for 4 years. Mr. Teruya said yes. It is stated in statute.

Board member Ley said it is quite a large parcel and asked how much is in production. Ms. Murai said the parcel being used is small. There is Miconia on the lot. They do not use that bigger portion with the Miconia. When the appraiser did that report, they took that into consideration. Board member Ley asked if the Board has a policy on invasive species on a case by case basis. Ms. Fuglestad said that MISC does go up and monitor and they do what they can. Board member Cabral confirmed that the lease doesn’t restrict the applicant from using the entire area. Ms. Murai confirmed this.

Board member Mina asked if there was Little Fire Ant on property. Ms. Fuglestad said that they do not have little fire ant or coqui. Board member Mina asked about the
Board of Agriculture Meeting  
June 26, 2018  
Page 6

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


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

Motion to accept: Comerford/Mina.

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

Vote: Approved, 9-0.

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

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

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

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

Motion to accept: Hong/Comerford.

Chairperson Enright asked if the master lease has 14 years left. Mr. Atta said yes. Chairperson Enright said as we go forward and as Coop turns in master leases, would HDOA issue 35-year leases to these subleases. Mr. Atta said that if the Coop would disband and tenants would be considered for full 35-year leases. Staff is still considering if this is appropriate for all sublessees at this time. There may be issue with conversion of a DLNR lease and that they may not be able to avail a 35-year arrangement. He said that they need to look at this carefully to convert from existing master lease of Coop to lease with sublessees. Chairperson Enright said initially until we subdivide, we would give licenses, which would run with the master lease. Mr. Atta said that when we explained to the Coop that we cannot move without subdivisions, we
Board of Agriculture Meeting  
June 26, 2018  
Page 7

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

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

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

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

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

Vote: Approved, 9-0.

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

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


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

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

Board member Hong asked if irrigation systems receives general funds. Mr. Saiki said that they receive some general funds. Chairperson Enright said that DOA gets CIP money.

Board member Hong clarified the acreage assessments and how DOA adjusts this.

Vote: Approved, 9-0.

V. OLD BUSINESS

None.

VI. NEW BUSINESS

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

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

Chairperson Enright thanked both Jerry Ornellas and Michelle Galimba for their service on the Board as this was their last meeting.
VII. ADJOURNMENT OF REGULAR MEETING

Motion to adjourn meeting: Ornellas/Ley.

Vote: Approved, 9-0.

Meeting adjourned at 10:50 AM.

Respectfully submitted,

[Signature]

Micah Munekata
Board Secretary