Minutes of the Board of Agriculture  
June 28, 2022

CALL TO ORDER – The meeting of the Board of Agriculture was called to order on June 28, 2022 at 9:03 a.m. by Board of Agriculture Chairperson, Phyllis Shimabukuro-Geiser. The meeting was conducted virtually via Zoom due to the current risk of exposure to COVID-19. An in-person location was available at the Hale Waiolama Board Room located at 1428 S. King St.

Members Virtually Present: Roll call/alone
Phyllis Shimabukuro-Geiser, Chairperson, Board of Agriculture
Suzanne Case, Chairperson, Board of Land and Natural Resources, Ex Officio Member
Walter Bowen, CTAHR Associate Dean, for Nicholas Comerford, Ex Officio Member
Mary Alice Evans, Ex-Officio Member
Diane Ley, Hawaii Member
Vincent Mina, Maui Member
Fred Cowell, Kauai Member
Randy Cabral, Member-at-Large
En Young, Member-at-Large
Joe Tanaka, Member-at-Large

Deputy Attorney General Present: DAG Bryan Yee

Others Virtually Present:¹
1808268062
16469122919
Adam Vorsino-USFWS
Alison Cohan
Alison Kato, DAG
Andrew
Andrew Britton
Anthony Ching
Becky Azama, HDOA/PI
Brad Keitt
Brandi Ah Yo, HDOA/ARMD
Brian Kau, HDOA/ARMD
Chris Kishimoto, HDOA/PI/PQB
Christopher Jacobsen, DOH
Cynthia King, DLNR-DOFAW HIP
Darcy Oishi, HDOA/PI
Eric Ching
Evan Miyaki

¹ The identification of the public members is based on their sign-in name, but are not verified.
II. APPROVAL OF MINUTES FROM 5/9/22 MEETING

Motion to Approve: Mina/Evans

Discussion: None

Vote: Approved; 10-0
III. INTRODUCTIONS

IV. COMMUNICATIONS FROM DIVISIONS AND ADMINISTRATION

A. AGRICULTURAL LOAN DIVISION

1. Request for Approval of One (1) Direct Food Manufacturing Loan to Hawaiian Agricultural Products (HAP), LLC, Ken Hirata & Yumiko Hirata, Co-Borrowers.

Wayne Takamine presented testimony as submitted.
Staff recommendation: Approval

Motion to Approve: Evans/Cowell

Discussion:
Board Member Mina wanted to know what would happen to the collateral if a borrower were not able to deal with loan. Mr. Takamine replied that the loan would usually be referred to the Attorney General’s office and they would do an investigation and due diligence. He indicated that first forbearance relief would be offered, which may involve a reduction or deferral of monthly payment depending on the situation. Speaking of HAP, he said that he believes that they had a hard time in the beginning. The division allowed them to take forbearance. If foreclosure was necessary, a demand letter for full payment would be sent and then the loan would be referred to the AG’s office.

Board Member Cabral asked where the purchase of sweet potato and rice were reflected in the projections. Mr. Takamine said that it would be in Cost of Goods Sold and not in Expenses.

Board Member Tanaka asked if any other foreigners had applied for this type of loan. Mr. Takamine replied that there were none in his portfolio. Chair indicated that they could get back to Board Member Tanaka. Board Member Tanaka commented that there a lot of foreigners in the farming industry and asked if they were encouraged to borrow money. Mr. Takamine answered that the Hiratas do not qualify for SBA and FSA loans.

Board Member Ley said she was concerned with the internal process and asked the length of their Visas and if they extend through the term of the loan. Mr. Takamine did not know but said they are valid now.

Vote: Approved; 10-0

B. AGRICULTURAL RESOURCE MANAGEMENT DIVISION

1. Request Approval to Cancel General Lease No. S-9009; Mahana Nursery & Irrigation Supply Inc., Lessee; TMK: (2) 5-2-001:017, Lot No. 8, Molokai Agricultural Park, Hoolehua, Island of Molokai, Hawaii.
Linda Murai presented testimony as submitted.
Staff recommendation: Approval

Motion to approve: Cabral/Evans

Discussion:
Board Member Mina asked if Mr. Tensfeldt paid the rent from 2018-2020.
Ms. Murai answered that Agrigenetics paid rent for an additional 2 years and the stopped paying and explained that Agrigenetics had a license from Mr. Tensfeldt, owner of Mahana Nursery & Irrigation Supply Inc. ("Mahana"). As record lessee, Mahana was responsible for the rent.

Board Member Cabral asked if Mr. Tensfeldt was allowed to give out a license for the lease. Ms. Murai replied that they have a copy of the license in file and by the definition of a license, it is allowed. She did not see any objection or default notice in file. Mr. Cabral questioned if Board approval was required. Ms. Murai answered that a sublease would require Board approval, but a license is only a permit to operate on the premises. She indicated that there was nothing in file that objected to the business arrangement. DAG Yee added that it would depend on the specifics of the license. If a license was used as a substitute for a sublease, it should be treated as a sublease and brought before the board. However, he was not aware of what happened in this case.

Board Member Ley asked why there was no provision for the lessee to cancel the lease and if that was typical. Ms. Murai confirmed that there was no provision for the lessee to cancel. For the lease to be cancelled, ARMD would have to find the lessee in breach or default and then bring it to the Board. Board Member Ley said that in this case, the lessee told them. She questioned why there was no cancellation clause. Ms. Murai answered that a grantee would normally not be given an out and allowed to cancel a binding contract. Board Member Ley said that it seems like a two-way street because there is pressure to make more land available.

Chair asked if staff tried to reach out to the lessee or the family contacts to resolve the defaults. Ms. Murai said that property managers try to work with the lessees and cancelling the lease would be a last resort so another bona fide farmer could bid and farm.

DAG Yee said that hypothetically, if a farmer said they are currently paying rent but would not be able to pay in 6 months, they could request that DOA cancel the lease. He explained that two parties to a contract could mutually agree to an amendment, and it was discretionary with DOA rather than a legal right under the lease.

Board Member Mina said the presentation spoke of health issues and that family requested cancellation of the lease. He asked if a doctor could attest to the health issues.

DAG Yee pointed out that DOA has a legal ability to cancel the lease. However, the lease cannot be cancelled by request of the family. The request for consent to cancel must come from the farmer and the farmer must be the one to sign the document.
Board Member Evans commented that the farmer is not being treated as a businessperson in this one-sided ability to cancel. She said she understands that cancellation is a concern but there should be a provision where the farmer has some rights and farming should be treated as a business.

Vote: Approved; 10-0

2. Request to Amend Prior Board Actions Approving Conversion of Revocable Permit No. S-7713 to a New General Lease and the Annual Base Rental; Dale Hardinger and Carla Hardinger, Permittee; TMK: (1) 4-1-018:049, Koolaupoko, Waimanalo, Island of Oahu, Hawaii.

Roy Hasegawa presented testimony as submitted.

Staff recommendation: Approval

Motion to approve: Evans/Cabral

Discussion:
Board Member Cabral asked about the process to change the use of non-agricultural park land designated as pasture to other uses. Mr. Hasegawa replied that it would be a conversion which would be a board action. He asked what would happen if the lease was put out to bid as pasture and then the lessee wanted to change to nursery. Ms. Murai explained that if the lease was awarded via public notice, the public notice would be published and interested farmers could submit applications. They would review the business plan and plan of utilization and development. If the business plan did not match the use, the application would be declined.

Board Member Cabral asked what would happen if the lease was awarded, they used it for a while and then wanted to convert to a different use. Ms. Murai answered that if was a public notice situation, they could not change the use.

Board Member Young asked about the back lease rent. Mr. Hasegawa said the lease still had not been converted and they are still on a permit waiting for pasture.

Board Member Mina commented that the new lease rent is 7x the amount of the original and the parcel is less than one acre. Ms. Murai explained that the use is different because the lessee can board horses and derive income from the activity. She said that pasture lease rents are the lowest in the industry. Special equestrian use would generate more income.

Vote: Approved; 10-0
3. Request for Consent to Assignment of General Lease No. S-6002; Ricky Young, Lessee/Assignor, to Shane Tyler Rupp, Assignee; TMK: (1) 5-6-006:030, Kahuku Agricultural Park Lot 2, Koolauloa, Kahuku, Island of Oahu, Hawaii.

Roy Hasegawa presented testimony as submitted.
Staff recommendation: Approval

Motion to approve: Cowell/Young

Discussion:
Board Member Cabral asked who would determine and verify the value used for the premium percentage calculation. Mr. Hasegawa answered that the lessee puts an inventory together and the division takes their word for it. Board Member Cabral said he would be curious to see what an independent appraiser would say. Board Member Mina asked if the whole 6-acres were planted. Mr. Hasegawa said there were mature coconut and citrus trees.

Mr. Shane Rupp, Assignee, said that of the 6-acres there are ½ acre of mature fruit trees. He did not think it was close to the value and that it was hard to find the value. He was willing to have the opportunity to use the land and went forward with the application process.

Chair asked if $169,000 was determined by the current lessee. Mr. Rupp said that he only spoke to the realtor. The listing was $189,000 and he offered $169,000. Chair said that it was a business discussion between the current lessee and Mr. Rupp, as the interested party.

Board Member Mina asked if it was written in an agreement and if there were any greenhouses on the property. Mr. Rupp answered that the offer was pending approval.

Board Member Cabral asked if the value of the inventory changed the percentage that the state would get would also change. Mr. Hasegawa answered that it would change the premium.

Board Member Mina asked Mr. Rupp’s age and he replied that he was 37 years old. Board Member Mina said that it was hard to make ends meet and wanted to make sure there was a sufficiently long time frame for the lessee to be successful.

Mr. Rupp said he would be interested in a reassessment because it would be beneficial for he and his family.

Chair called for an Executive Session for advice from the Deputy AG regarding Consents to Assignments and the Board’s ability to get involved with business transactions.

Motion to go into Exec Session. Evans/Cowell
Vote to go into Executive Session: Approved; 10-0
The Board went into Executive Session at 10:10 am.

The Board Meeting was called back to order at 10:50 am with all members present.

Vote: Approved-9; With reservations-1 (Mina)

Roy Hasegawa presented testimony as submitted. 
Staff recommendation: Approval

Motion to approve: Evans/Ley

Discussion:
Board Member Young asked about the business because the name C & C Repair & Maintenance did not sound like a bona fide farmer. He asked what they intended to do with the premises and wanted reassurance that it would not become a base yard. Mr. Hasegawa said that the applicant is the Chings' son, and there is a greenhouse where he does seedlings. He is continuing the business and he visited last month.

Chair asked Mr. Hasegawa if he had discussions with Mr. Ching about his business plan, where he would cultivate the crops and if the property already had existing trees. Mr. Hasegawa said that there were existing palms on the property, but Mr. Ching was considering growing breadfruit after the palms matured or sold. He set up a greenhouse for keiki plants.

Mr. Eric Ching said that he helped his parents work since inception and hoped to continue and plant avocado and breadfruit trees. He indicated he would use flume water to irrigate the trees. He said he realizes that it is hard to make a business out of farming, but he is willing to endeavor with helping to grow food for Hawaii.

Board Member Mina suggested a trellis system for Mr. Ching to double the production and maximize space and Chair also suggested that the University of Hawaii Extension Service could also provide more information.

Vote: Approved; 10-0

The Board recessed from 11:03 am – 11:11 am.
5. Request for Approval for Extension of Lease Term, General Lease No. S-4933; Alvin M. Tsuruda, Lessee; TMK: (1) 4-1-035:012, Waimanalo Agricultural Park Lot 12, Koolaupoko, Waimanalo, Island of Oahu, Hawaii.

Roy Hasegawa presented testimony as submitted.

Staff recommendation: Approval

Motion to approve: Ley/Cabral

Discussion:
Mr. Alvin Tsuruda was present in-person to answer any questions.

Board Member Mina asked Mr. Tsuruda when he planned to retire. Mr. Tsuruda answered that he would retire after the Board approved the transfer.

Board Member Case asked if the Board would have the opportunity to review the assignment. Chair answered that if the Board approved the extension, any future assignment would come before the Board. She added that this request is only for the extension because Mr. Tsuruda was pre-approved for a loan to his anthurium nursery.

Board Member Evans asked if there was a residence on the property. Mr. Tsuruda answered that there is a permitted carport on the premises but no house.

Board Member Mina said that he would vote with reservations because he was not able to understand the dynamic of extending a lease and not being able to work it.

Board Member Cabral voiced his support and said that he knows Mr. Tsuruda put his life into working the land from scratch and that an extension and assignment would allow him to have retirement funding.

Chair asked if Mr. Tsuruda would use the loan to maintain his crop or get the property cleared. Mr. Tsuruda answered that he used his own money to remove illegal structures and bring everything into compliance. He did not use the loan and instead he sold plants to raise the money.

Chair asked if he would stay active growing anthuriums. He said that he would until the lease was transferred.

Board Member Mina voiced his support moving forward. Chair commented that Mr. Tsuruda is involved with the community and active in the Waimanalo farming community.

Vote: Approved; 10-0

Brandi Ah Yo presented testimony as submitted.

Staff recommendation: Approval

Motion to approve: Mina/Young

Discussion:
Mr. Andrew Trump, Board Director and farmer for the Hawaii Ulu Producers Coop. was available to answer questions.

Board Member Evans asked about the date of transfer and the annual rent. Ms. Ah Yo said the annual lease rent is $2,330/year and the Executive Order is 3503 transferred in 1991. Board Member Evans voiced strong support.

Chair asked DAG Yee if amendments were required because the annual lease rental was not in submittal. DAG Yee said it was not necessary because it did not change the request on the agenda.

Board Member Mina commented that he was excited about the work of the Ulu Coop.

Board Member Cabral asked what needed to be approved by the Board of Land and Natural Resources (BLNR). Ms. Ah Yo explained that the property was governed under Chapter 171 and not Act 90 and therefore approval is required by both BLNR and BOA.

Board Member Young asked if KPC would continue marshalling activities. Mr. Trump answered that the terms of the lease assignment would enable HUPC would be able to handle marshalling activities and they intend continue to support Hawaii farmers. He said the lease assignment will move it from a KPC board decision to a HUPC board decision.

Vote: Approved; 10-0


Brandi Ah Yo presented testimony as submitted.

Staff recommendation: Approval

Motion to approve: Ley/Cabral
Discussion:

Joshua McClung, Owner of Hawaii Global Nursery Exporters in Kurtistown was available for questions.

Board Member Mina asked about the May 1, 2022 reopening. Ms. Ah Yo said that properties are being appraised and when the process is done, the new rental rates would need board approval. Once approved, the rates would be retroactive.

Board Member Evans asked what Dracaena Marginata was. Mr. McClung answered that it is also called the money tree and it is a very sought-after interior plant.

To answer a question from the Chair, Mr. McClung said he was aware of the rental reopening process and is still interested in taking over the lease.

Board Member Mina asked about medium to ship to the mainland. Mr. McClung answered that they are a certified nursery, and the media and benches are tested two times a year to stay current. He said there are many challenges, but the University was helpful in making sure that products are clean and shippable to California.

Vote: Approved; 10-0


Kirk Saiki presented testimony as submitted.

Staff recommendation: Approval of the four (4) recommendations listed in the presentation.

Motion to approve: Mina/Evans

Discussion:

Board Member Evans asked the percentage increase over last year's acreage assessment. Mr. Saiki answered that it was 0.65%.

Board Member Evans asked if ARMD had to curtail water usage to Molokai users because the Molokai system reservoir is low. Mr. Saiki answered that they have not had to do conservation measures yet. They are planning to start up wells in Waikolu Valley to supplement the flow going into the reservoirs. Board Member Mina asked the capacity of the Molokai Reservoir. Mr. Saiki said that it was a little over 1 billion gallons.
Board member Mina asked where it says determination of 70% and 30% for Paauilo if it was because that's the only area out of all the areas that have pasture lands. Mr. Saiki answered, “Yes”.

He also asked if all the irrigation systems are the ones that stub out on the lands where the board is responsible for. Mr. Saiki answered, “Yes”.

Board Member Young recalled that cost structure is tied to personnel and asked how repairs beyond maintenance would be handled. Mr. Saiki said in most cases it would be from the CIP budget. Smaller items will be handled with operation budget, but major expansion or improvements would become CIP projects. Board Member Young asked about the plans for the long term. Mr. Saiki said that the was an Ag Water Use and Development Plan Facilities Assessment Study planned, but unfortunately it was not funded. Board Member Young said he wanted to understand what the Board was responsible for and to make sure that the systems remain viable for the clients.

Board Member Ley thanked ARMD for containing cost increases and asked if producers would still need to pay assessment fees if water curtailment was required. Mr. Saiki confirmed that they would have to pay.

Vote: Approved; 10-0

C. PLANT INDUSTRY DIVISION


Chris Kishimoto presented testimony as submitted.

Staff recommendation: Approval.

Motion to approve: Evans/Cabral

Public Testimony:
Chair announced that there were strong feelings on both sides of the issue. 105 written testimonies received on time and 20 testimonies received after the deadline.

Ms. Tina Lia summarized her written testimony opposing the request.

Ms. Alison Cohan, Terrestrial Director for The Nature Conservancy (TNC) testified in support of agenda items C1 and C2.
Discussion:

Board Member Mina asked Ms. Lia about the resource for her comment on gene transfer. She said it was in her written testimony and proceeded to summarize the testimony.

Board Member Mina asked for clarification on what they would be voting for. Mr. Kishimoto said that placing it on the Restricted A List would allow people to request to import the mosquito species for anything from research to field release. He said that the organisms on the Restrictive A list are scrutinized and have restrictive permit conditions associated with them because of the risk to import.

Board Member Young voiced concern about the risk of doing nothing. He wanted to be clear on the issues that have been raised. He asked if repeatedly using the technique would make it less effective. Mr. Kishimoto said that because only male mosquitos would be released, the technique would be sound as long as the males with different type of Wolbachia are released, because technically, only females could pass it on to their offspring. The different type of Wolbachia would not get into the environment.

Ms. Cynthia King, DLNR, DOFAW, HIP, confirmed that if only looking at releasing male mosquitos that are incompatible, then the possibility that the bacteria would be vertically transmitted to offspring would be zero because they cannot create fertile offspring and the bacteria could only be transmitted by females vertically. Wolbachia are bacteria that cannot survive outside of insect cells. They cannot be transferred to other animals or to people. Female mosquitos with Wolbachia are already here in Hawaii. There is no reason to believe that the Wolbachia in incompatible males would transfer to some other species. She said if incompatible males for control are released; in the event a female was included, logistically and financially, the tool would be slightly less effective.

Board Member Case asked Ms. King to qualify the issue of genetic modification and asked what the key agencies said about whether it is GMO, or not. Ms. King said the EPA and the FDA have agreed, after extensive review, that it is not genetic modification because it is using a naturally occurring bacteria that a mosquito normally carries and exposing it to a different strain.

Vote: Approved; 10-0
2. Request to: (1) Provided the Southern House Mosquito, *Culex quinquefasciatus*, is Placed on the List of Restricted Animals, Part A, Allow the Importation of Lab-Reared Strains of the Mosquito, *Culex quinquefasciatus* (Diptera: Culicidae), Inoculated with Strains of *Wolbachia* Bacteria, by Permit, For Immediate Field Release to Suppress Wild Populations of *Culex quinquefasciatus* by the Hawaii Department of Land and Natural Resources; and

(2) Provided the Southern House Mosquito, *Culex quinquefasciatus*, is Placed on the List of Restricted Animals, Part A, Establish Permit Conditions for the Importation and Immediate Field Release of Lab-Reared Strains of the Mosquito, *Culex quinquefasciatus* (Diptera: Culicidae), Inoculated with Strains of *Wolbachia* Bacteria to Suppress Wild Populations of *Culex quinquefasciatus* by the Hawaii Department of Land and Natural Resources.

Chris Kishimoto presented testimony as submitted.
Staff recommendation: Approval

Motion to approve both Part 1 and Part 2: Evans/Cabral

Public Testimony:
Ms. Tina Lia testified that she is also in opposition to Agenda Item C-2.

Ms. Malia Nobrega-Olivera, representing Kauai Council of Hawaiian Civic Clubs, stood on her written testimony in support. She said that the concern was brought to the attention of the Association of Hawaiian Civic Clubs, and they unanimously adopted a resolution on June 25th, calling for Federal, State, and local elected officials to support the funding and implementation of mosquito birth control to save the native forest birds from extinction and towards abundance.

Mr. Brad Keitt, Director of Oceans and Islands for American Bird Conservancy stood on his written testimony in strong support. He said that most of the oral testimony against were based on concerns that there are possible impacts on human health or environment and a mistaken belief that no studies have been done or that the mosquitoes are manufactured or genetically modified. He said that it was important to let the people, who have been led to fear, know the facts and that the board should also have the facts as well for decision making. He said that it was important to let people know that mosquito species are already widespread in Hawaii and *Wolbachia* is already widespread in mosquitoes and other insects in Hawaii. The EPA, after extensive studies, has already approved use of *Wolbachia* birth control in mosquitoes in multiple states. The approach is also successfully used and is a proven technology in other countries as well to help protect forest birds in their habitat. The project will undergo considerable environmental reviews before field release can occur. He said that a "No" vote would increase the probability of extinction for several endemic Hawaiian bird species unique to the islands. A "Yes" vote would enable ongoing efforts to engage the community and extensive environmental review.

Discussion:
Board Member Mina asked Mr. Keitt about the report from Singapore that Ms. Lia referred to. He said that he was familiar with the report and had not read it recently and therefore would not
be able to offer an informed opinion. Board Member Mina emphasized that the birds are very important, and many found only in Hawaii. He was concerned about the lack of trust in government and wanted to make sure that the Board is doing its due diligence.

Chair asked Ms. King about page 2 of DLNR’s testimony and asked if the environmental review process had already begun. Ms. King answered that they have started and that DLNR would not proceed until the Environmental Assessments (EA) were in place for the areas targeted for mosquito control. She added that DOH is in the procurement process for a statewide EA. She said the EAs are being conducted by consulting firms and not the state agencies.

To respond to an earlier comment regarding the potential for horizontal transmission of Wolbachia, she said it was hard to understand from Singapore paper cited. The researchers are describing that they have elucidated a means where the bacteria can transfer horizontally over an evolutionary time scale. She indicated that the paper could be taken out of context and emphasized that they are requesting to import Wolbachia strains that are already present in Hawaii for hundreds of years. This approach could save the forest birds.

DAG Yee said that because the issue of environmental assessment was raised, some individuals and Board Members might ask how decisions could be made without an EA being completed. He explained that it is an agency action and not an agency approved action. DLNR determined that they could move forward with the request to DOA because they have an exemption under their list of exemptions for research. DLNR determined that they have satisfied Chapter 343, and DOA can defer to their decision.

To answer a question from Board Member Mina, Ms. King said the lifespan for most mosquitos is 48 hours to 1 week.

Vote: Approved-9; Abstained-1 (Case)

V. OLD BUSINESS
  None.

VI. NEW BUSINESS
  None.

ADJOURNMENT OF MEETING: Tanaka/Mina

The meeting was adjourned at 1:05 pm.

Respectfully submitted,

[Signature]

Jan Ferrer

Board Secretary