



1
2
3 **Minutes of the Board of Agriculture**
4 **January 31, 2023**
5

6 CALL TO ORDER – The meeting of the Board of Agriculture was called to order on January 31,
7 2023, at 10:09 a.m. by Board of Agriculture Chairperson, Sharon Hurd. The meeting was
8 conducted virtually via Zoom and in-person from the Plant Quarantine Branch Conference
9 Room located at 1849 Auiki Street, Honolulu, HI 96819.

10
11 **Members Present:**

12 Sharon Hurd, Chairperson, Board of Agriculture
13 Russell Tsuji, Board of Land and Natural Resources, Ex-Officio Member
14 Dr. Ania Wieczorek, Interim Dean CTAHR, Ex Officio Member
15 Mary Alice Evans, Department of Business, Economic Development and Tourism, Ex-
16 Officio Member
17 Diane Ley, Hawai'i Member
18 Vincent Mina, Maui Member
19 Randy Cabral, Member-at-Large
20 En Young, Member-at-Large
21 James Gomes, Member-at-Large
22

23 **Note:** Chair Hurd and Board Members Gomes, Cabral and Evans were present, in-person at the
24 conference room located in the Plant Quarantine Conference Room. Board Members Young,
25 Ley, Mina, Tsuji and Wieczorek joined virtually via zoom.
26

27 Bryan Yee (Deputy Attorney General), Morris Atta (HDOA – Deputy to the Chairperson), Wayne
28 Takamine (HDOA-Agricultural Loan Division), Linda Murai (HDOA- Agricultural Resource
29 Management Division), Stephen Dalton (HDOA – IT), Marci Clingan (HDOA – Chair's Office),
30 Janelle Saneishi (HDOA – Chair's Office), Jonathan Ho (HDOA – Plant Quarantine) and Trenton
31 Yasui (HDOA – Plant Quarantine) were present in the Plant Quarantine Conference Room.
32

33 **Others Virtually Present:**¹
34

35 Gordon Inouye
36 Rgalanti
37 Joana Bloese
38 Brian Kau, DOA/ARMD

¹ The identification of the public members is based on their sign-in name, but are not verified.

- 1 Helmuth Rogg, DOA/PI
- 2 Isaac Maeda, DOA/AI
- 3 Earl Yamamoto, DOA/Chair's Office
- 4 Brandi Ah Yo, DOA/ARM
- 5 Brian Miyamoto
- 6 BrownMWH
- 7 Carol
- 8 Dawn Singleton, PhD, DNM
- 9 Diana Cantu-Reyna
- 10 Eric Tanouye
- 11 Faith
- 12 G. Earhart
- 13 Gary Rosenberg
- 14 Guest Guest
- 15 Indy Rishi Singh
- 16 J Ferrer, DOA/Chair's Office
- 17 Jodi Yi, DAG
- 18 K Johnson
- 19 K. Koike
- 20 Kevin
- 21 Kiyo Noguchi
- 22 Leo Obaldo, DOA/QAD
- 23 Mark L
- 24 Roy Hasegawa, DOA/ARM
- 25 Thomas Heaton
- 26
- 27
- 28 II. APPROVAL OF MINUTES FROM 11/29/22 MEETING
- 29
- 30 Motion to Approve: Gomes/Alice
- 31
- 32 Vote: Approved; 9-0
- 33
- 34 III. INTRODUCTIONS – None.
- 35
- 36

1 IV. COMMUNICATIONS FROM DIVISIONS AND ADMINISTRATION

2
3 A. AGRICULTURAL LOAN DIVISION

4
5 1. Request for Approval of One (1) Emergency Loan to Maui Dragon Fruit Farm
6 LLC.

7
8 Wayne Takamine, Ag Loan, presented testimony as submitted.

9
10 Motion to Approve: Cabral/Evans

11
12 Discussion:

13 Board Member Gomes questioned if the deer fence is 8' as it is listed in the agenda or 5'. Mr.
14 Takamine explains that they tried to extend the fence up and secure with steel pins. Board
15 Member Gomes asked if they had specs for how far each post is from each other because if the
16 fence is flimsy, the deer will go right through. Mr. Takamine says HDOA can inspect the fence 3
17 months after they are funded. He said HDOA will follow-up. He also said that the fencing is
18 temporary for now but getting funded will be the long-term fix. There is land that still needs
19 clearing before they can make the fence how they want it to be.

20
21 Board Member Mina hopes the new Mayor coming in on Maui will stop seeing deer as being
22 invasive and help manage the population to feed the people of Maui and not have farmers
23 requesting loans for infrastructure. He also hopes that the new leadership in Maui County and
24 the State will help with this situation and be more supportive.

25
26 Mr. Takamine added that Maui has an ag park, and they will put a fence up on the full ag park.
27 Individual farmers are interested in doing deer loan and some others will down-size and cut
28 their expenses. Some want to fence in areas that are only affected by the deer and not the full
29 area.

30
31 Board Member Gomes said they are cleaning the fence at the Kula Ag Park and not erecting it.
32 There is a disconnect in ranching communities. He added that we need the state and federal
33 funds to help the big and small farmers/ranchers to fence up their place. There needs to be
34 some kind of mechanism to get these deer numbers down. He also mentioned that they need
35 to work collaboratively to see how they can get some federal and state money.

36
37 Deputy Attorney General Brian Yee reminded the Board Members that the matter was the
38 approval of the loan.

39

1 Chairperson Hurd agreed that the matter of seeking federal funds is good. She also mentioned
2 that there is the Infrastructure Improvement and Jobs Act, and fencing is infrastructure for
3 agriculture so HDOA will pursue that.

4
5 Board Member Cabral added that there are several bills going through the legislature that
6 address the deer issue and suggested to support them.

7
8 Chair asked if there were any further discussion. There were none.

9
10 Vote: Approved; 9-0

11
12
13 2. Request for Approval of One (1) Loan to Puna Flower Power

14
15 Morris Atta presented testimony as submitted.

16
17 Motion to Approve: Cabral/Gomes

18
19 Discussion:

20 Mr. Gordon Inouye explains that they made their loan application in October of 2022. Mr. Atta
21 informed Puna Flower Power on January 13, 2023, about the negative recommendation from
22 the Loan Officer. Till this date, there has been no face-to-face meeting with the Loan Officer.

23 Mr. Inouye received a copy of recommendation on January 24th. Mr. Inouye drafted a response
24 to the Loan Administrator dated Jan. 25th with attachments and all reasons why the
25 recommendation didn't take into consideration several factors.

26
27 Mr. Inouye said one of the reasons of declination from the Loan Officer was inadequate
28 collateral. He said that the Loan Officer used the financial statement that Puna Flower Power
29 provided him and concluded that total assets were insufficient for the loan to value ratio. Mr.
30 Inouye wanted to present new information to the Loan Officer and said that they were faced
31 with unique situation. Puna Flower Power is the recipient of a loan from Dept. of Agriculture
32 (\$478,800) and a grant from the county of Hawaii (\$500,000) to build nursery. Those funds
33 were used to construct the nursery. Mr. Inouye and his accounting firm thought that grant
34 funds were non-taxable. Upon further research, they discovered that the tax reduction act of
35 2017 had some minor changes but with major impacts. Major Impacts were that grant income
36 from government sources were taxable. Mr. Inouye submitted the opinion of his accountants
37 with their recommendations and adjusting journal entries. The adjusted journal entry
38 recommendation was \$385,000 in depreciation in 2021. Tax law allowed the single use
39 structures to be depreciated in one year. Puna Flower Power wrote down \$385,000 on the
40 construction part of the nursery in 2021. The Loan Officer wanted documentation of this, but
41 Mr. Inouye did not have it available at that time. After research, the documentation was found,

1 and it was submitted to Mr. Atta. If the tax law hadn't changed, the cost of the construction
2 would have made the loan to value ratio at 66% which would be more than adequate coverage
3 on the loan. Copies were provided of the greenhouse structures. These greenhouses are 19,320
4 square feet and costs \$10-\$20 per square foot in Hawaii. At a median value of \$15, they have
5 close to \$900,000 in assets alone not including the plants and growing costs and other things
6 capitalized. When combined, you'll have over a million dollars of collateral for the loan. The
7 loan-to-value will go down 66%. When the Loan Officer listed the plants, he neglected to
8 mention the same report has another 64,000 plants so total inventory of the nursery is
9 \$145,026 plants as of that date of the inventory.

10
11 Mr. Atta included that the applicant has a 3-part presentation to address the 3 issues that were
12 raised by the Loan Officer. Mr. Atta mentioned that the submittal presentation had an error in
13 it and noted and corrected. As of Jan. 3rd, the interest rate on this type of loan has changed to
14 6.5% rather than 3.75%. This has been discussed with the applicant and he understands and
15 does not have a problem with this.

16
17 Board Member Gomes asked if the staff of the Loan Division had a chance to vet all this new
18 information that has just been presented. Mr. Atta responded that this information has been
19 presented to the Loan Officer who is not here today. Mr. Atta says that it's his understanding
20 that the Loan Officer maintains with his original decision for a denial regarding this loan.

21
22 Chairperson Hurd asked Mr. Inouye to identify himself. Mr. Inouye says that he is a member of
23 the Puna Flower Power Coop, and he has been elected as the president of the coop since
24 2019.

25
26 Mr. Inouye explains how the Loan Officer turned to historical cash flow of the coop as being
27 insufficient to cover the loan. Puna Flower Power started planting plants in June 2021, they got
28 the funding from Department of Agriculture in the Fall of 2020, then got the grant from Hawaii
29 County in Jan. 2021. They're greenhouse operation started in June 2021, and they have a two-
30 year crop that should be in full bloom by Summer of 2023. Mr. Inouye says trend has been
31 positive but modest. They have a good inventory on plants but not sufficient plants in mature
32 stage that would meet cash flow requirements. He mentions that the argument that his
33 historical cash flow is not sufficient to support the loan is correct, but he wants to be sure
34 everyone knows this is a start-up.

35
36 Mr. Inouye states that they have had several loans from DOA during prior organizations. Mr.
37 Inouye was involved in Puna Orchids. Mr. Inouye said they grew that business from nothing to
38 \$2 million a year in the year 2000. When the recession came, they kept their staff engaged but
39 did not invest in plant replacement. In recovering from recession, the company did not have
40 marketable plants to sell and shut the operation in 2015. The loan was delinquent for several
41 months but was secured by the real property. In 2017, they were able to sell the property and

1 retire the loan at Puna Orchids. Floral Resource Hawaii had several loans with HDOA and
2 suffered from same challenges of recession. Mr. Inouye states that they tried to keep their
3 employees employed during the recession. The maximum loan from DOA was \$200,000 after
4 suffering from Hurricane Iselle. As they were recovering, the farms in ag park in Pahoia was
5 affected by major lava flow in 2016. They pulled their plants and relocated them which stunted
6 the plants and they never truly recovered from this. They filed for Chapter 7 liquidation and
7 shut the company. All the loans to Floral Resources have been repaid by Mr. Inouye and his
8 brother Vern except for a balance of \$39,000 on one of the loans. Mr. Inouye is personally
9 making payments on this and has not missed a single payment since then. Mr. Inouye states
10 that he is proud of the fact that they took care of the loans personally when the companies
11 could not.

12
13 Russell Galanti testifies and is the extension agent with CTAHR CES Hawaii extension service. He
14 states that he is the Ornamental Extension Agent for floriculture nursery crops and landscaping
15 on the Island of Hawaii and Oahu. He wants to express his support for Mr. Inouye's loan
16 application. Mr. Galanti goes to Mr. Inouye's facilities a lot and Mr. Galanti confirms that Mr.
17 Inouye does have the greenhouse space and his plant material is according to his valuation that
18 was mentioned. Mr. Galanti says that he thinks that Mr. Inouye's production facility is an ideal
19 model of what orchid growing should look like for export. He then states that Mr. Inouye is one
20 of the best and they don't have any plant material that couldn't be sold. He also said that Mr.
21 Inouye is also using it for a training facility which he thinks is very important. He wants to give
22 his full support to Mr. Inouye and Puna Flower Power.

23
24 Dr. Joanna Bloese testifies. She is with the UH extension and the Assistant Extension Specialist
25 Entomologist for floriculture and nursery. She agrees with all of Mr. Galanti's testimony. She's
26 been to Puna Flower Power facility weekly for the last 5 months. This nursery adapts to new
27 and innovative cultivation resources, and they are set-up to be very successful. They are an
28 example for other orchid nurseries on the island. They have a very strong monitoring program,
29 and they have great inventory which all of that is exportable.

30
31 Eric Tanouye, President of Hawaii Floriculture and Nursery Association, testifies. Hawaii
32 Floriculture and Nursery Association would like to show support for the loan application and
33 the intent of this project to recognize that they need continued support to help it realize its
34 purpose and help orchid growers who lost their farms in the 2018 Kapoho lava flow. The flow
35 caused \$13.3 million in damages. Kapoho orchid growers took brunt of the losses. That
36 production loss has impacted revenue generated by orchid growers and the ability to fill the
37 high demand that the industry has been creating over the last 15 years. That demand will
38 continue because of Millennial and Gen-Z consumer base. We appreciate your consideration
39 with this loan that will continue Puna Flower Power to get to cash flow.

40

1 Board Member Mina asks Mr. Inouye if interest only of \$4,211.00 monthly, is this correct? Mr.
2 Inouye said that is incorrect. Board Member Mina asks if the loan that Mr. Inouye is looking for
3 is \$138,000? Mr. Inouye says yes. Board Member Mina asks Mr. Atta if the Dragon Farm got
4 approved for \$100,000 at 3% but if this type of loan is the reason why it is 6.5%? Mr. Atta said it
5 is based on the class of the loan. Mr. Atta says the prior loan was an emergency loan that falls
6 under a different program. Mr. Inouye adds that they are in a much safer zone. The nursery is
7 located near Keaau which is quite a ways from Kapoho. The interest only payment is
8 approximately \$1,500 a month right now and they've been making those payments since
9 November 1st. Board Member Mina asks Chairperson Hurd if she can find out why the report
10 shows \$4,211.00 a month. Mr. Inouye responds that is the amount that they will be paying
11 starting January 1, 2024, when they make full amortizing payments. Mr. Atta added that if this
12 moves forward, the interest rate will be different because the numbers now are based upon
13 the original 3.75% loan rate which will need to be recalculated and adjusted for the 6.5% rate.
14 The applicant is aware of that, but he still wants to proceed even with the adjustment on the
15 interest rate.

16

17 Board Member Wieczorek adds that she would like to suggest to delay until next meeting so
18 the Loan Officer can review documents again and take the new information into consideration.
19 Chairperson Hurd said that the reason it's on the agenda today because of the emergency of
20 the request. Mr. Atta adds that the information was forwarded to the Loan Officer, and he
21 doesn't believe he changed his position on this with the additional information and it's
22 unfortunate that he is not here today to be able to explain. Mr. Atta does not recommend a
23 delay. The reason why it was brought to the board because of the timing of the funding to
24 sustain his operations. Mr. Inouye said the request was drafted in October with the
25 anticipation that they would be in dire circumstance by the first of the year. Because of the
26 delays, he has been personally funding the operations – payroll and out of pocket expenses on
27 a day-to-day basis. The Loan Officer cites this as a reason for inadequate cash flow in his
28 recommendation to deny this request. Inouye got the recommendation on Tuesday, and he
29 responded on Wednesday at Noon to Mr. Atta. Mr. Atta asked if he could share this with the
30 Loan Officer and Mr. Inouye said yes but the Loan Officer did not change his recommendation.
31 Mr. Inouye doesn't know what more he can say to explain that this was an oversight. He does
32 not know if he can continue that time frame if they defer it for another month.

33

34 Board Member Tsuji asked if the assets proposed to be collateral for the loan has already been
35 secured by shipment? He asked if the statement of the depreciation information was shared
36 with the two banks – Bank of Hawaii and First Hawaiian and what was their responses? Mr.
37 Inouye replied that the depreciation information was not shared because that question did not
38 come up. Mr. Inouye said the shipment lease doesn't differ from the DLNR leases. He added
39 that to his understanding, the secured UCC filing secures the assets of the company of the Coop
40 to the DOA.

41

1 Board Member Young says that he wants to stick to a process and that he understands and that
2 there may be other denials that may be of interest to the board. He wants to think about how
3 we be fair about the others who may be denied by staff but may have other considerations that
4 the board might want to look at. Board Member Young is ok with 66% LTV and the prior credit
5 history. Board Member Young says that we should try to fund more of the difficult loans. What
6 is the prognosis of the salability of the plant material that you have? He also asks are you
7 forward contracted? Are there sales agreements in place? What is the likelihood that your
8 revenue targets will hit based on your estimation and knowledge of the market? Mr. Inouye
9 replies that they are reconnecting with the customers that they've dealt with in the past with
10 their previous entities. He said when he contacts them, they say without hesitation, "ship me a
11 box" and they've been very happy with it too. They will continue to assign a customer to a
12 particular employee to harvest their order, so their order is perfect. This built a lot of loyalty.
13 Mr. Inouye does not believe forward contracts exist in their business. He does not believe they
14 can build a company on the mass market because they are very fickle. They can't live on a
15 customer base like that. He believes their customer base is built on the mom-and-pop nurseries
16 going forward and have been successful at it. He thinks he can operate a good cooperative at
17 the \$1 million plus level. As the cooperative grows, he will find more of these customers in
18 areas of which are good hosts for his orchid plants.

19
20 Board Member Gomes said to Mr. Inouye that the department has reached out many times and
21 tried to help you in addition to the support that you have from the flower growers and people
22 in your industry and stakeholders. Board Member Gomes said that Mr. Inouye wanted to build
23 more than eight green houses, but you are up to three. Are all the plants in the greenhouse that
24 you grow? Do you plant any of the plants outside of the greenhouse and are they subject to
25 the elements of the volcano that will hinder your production? Mr. Inouye replied that the plan
26 for 8 greenhouses was based upon a federal disaster program. They made an application to the
27 Economic Development Agency which was accepted but they wanted match funding, so they
28 applied with the Dept. Of Ag Loan which counted and another county grant. Unfortunately, all
29 the funds were allocated or disbursed so that source dried up. The County of Hawaii was not
30 selected as an awardee of the Build Back Better Grant and so that affected their 8 greenhouses
31 plan. Mr. Inouye said they are a start-up, and they have a limited number of plants and that
32 they are selling 4-5 cases a week. He said that the Loan Officer made a visit to the nursery
33 unaccompanied and unannounced and said the Loan Officer saw only 10 blooming plants in the
34 nursery. Mr. Inouye said if you see a lot of blooming plants in the nursery, you're not selling
35 your plants. If you don't see too many blooming plants, that means you're doing your job and
36 selling your plants. That is how he can comment on the state of the nursery.

37
38 Board Member Ley said that she's gone out to the Puna Flower Power nursery, and she says
39 that the members and affiliated members and workers have decades of experience in
40 production, business and marketing of orchids. She said that it's important to reach out to
41 these businesses as they are in the recovering process from the lava flow destruction. She says

1 we need to support this type of business. They've taken risks in the past and they are important
2 to maintain the presence and the ability to meet demand for Hawaii products. Hawaii needs to
3 maintain its high quality and quantity. They chose to relocate to get out of the high-risk areas
4 and they've got clean and brand-new greenhouses. The young plant material looks consistent,
5 and it is coming along, and they are selling products as they bloom. This business is moving
6 forward to stability. The employees have the experience and are willing to evolve and move
7 along and they are willing to share this with the younger generations.

8
9 Board Member Cabral added that he can verify that the assets are there for Puna Flower
10 Power. Inventory is there and they are running a first-class operation. He believes they'll make
11 this work if they get the loan.

12
13 Russell Tsuji said he is concerned about the cash flow issue and if they are able to sustain the
14 payments on such a loan. He asked if Mr. Inouye is willing to submit a personal guarantee on
15 these loans. Mr. Inouye replied that this is a cooperative and he doesn't think it's appropriate
16 to give a personal guarantee. Mr. Inouye added that the assumptions for the cash flow are
17 listed in the projections and when they did the initial projections, they talked about \$4.50 a
18 plant but the market supports \$6.00 a plant. Their costs have gone up significantly also and Mr.
19 Inouye has very little doubt that they will be able to generate the sales to support the cash
20 flow. Board Member Russell Tsuji asked if Mr. Inouye is covering operating expenses currently
21 in payroll out of your own personal funds. Mr. Inouye said that is true because he believes in
22 the effort and mission of the cooperative.

23
24 Chair asked if there were any further discussion. There were none.

25
26 Motion to accept to revise the application to include the 6.5% interest rate: Gomes/Cabral

27
28 Vote to accept to revise the application: Approved; 9-0

29
30 Vote for Loan Request: Approved - 8; Disapproved – 1 (Tsuji); with Reservations – 1 (Gomes)

31
32
33 The meeting recessed at 11:35 am.

34
35 Board Member Wieczorek left meeting at 11:36 pm.

36
37 Meeting reconvened at 11:48 am

38
39
40 B. AGRICULTURAL RESOURCE MANAGEMENT DIVISION
41

- 1 1. Request to Approve Rental Offset, General Lease No. S-3144; Forrest Callahan
2 and Tiffany Parker, Lessee; TMK (4) 1-9-002:045, Hanapepe, Island of Kauai,
3 Hawaii

4
5 Linda Murai presented testimony as submitted.

6
7 Motion: Evans/Gomes

8
9 Discussion:

10 Board Member Evans asked what kind of impediments tin getting this land leased out. Ms.
11 Murai replied that staffing shortage has always been an issue. She said she is quite certain that
12 that is one of the main issues.

13
14 Board Member Cabral requested to know what parcels are still vacant. Ms. Murai said this land
15 was DLNR land that came over per Act 90 and it was vacant.

16
17 Board Member Gomes asked if DOA has pictures of before and after showing the encampment
18 of the homeless on the 6 acres. Ms. Murai said she doesn't have pictures of the encampments
19 because she did not want to get too close, but she does have pictures of the derelict cars. Board
20 Member Gomes asked if she is getting any receipts or some kind of justification so she can
21 justify that they want the two years of free rent. Ms. Murai said absolutely. Board Member
22 Gomes asked if this six acres is fenced, does it have water and does it have all the infrastructure
23 in there because guys will still come back to dump a car there. Ms. Murai said they are still
24 working on it and the lessee lives adjacent to the vacant parcel so they can visually see what's
25 going on. Board Member Gomes asked if we could get a list so we can put people on the vacant
26 parcels on all islands. Ms. Murai said yes.

27
28 Board Member Mina asked Ms. Murai if they're looking to do tree crops or ground crops. Ms.
29 Murai said they are planning to do fruit trees and they have a lot of work ahead of them. Board
30 Member Mina asked if they are planning to fence it off. Ms. Murai replied that they intend to
31 fence the perimeter of the property and that fencing is in the plan. It is part of the lease
32 requirement to fence their land. Board Member Mina asked what are the biggest challenges for
33 farmers in that area. Ms. Murai said the biggest challenge in the Hanapepe Valley area is the
34 homeless and illegal activity that comes along with the homeless. Board Member Mina added
35 that this would be great if we could take the homeless and veterans with PTSD that can lead
36 and manage farms and where people can get integrated back into society and get psychiatric
37 care.

38
39 Chair asked if there were any further discussion. There were none.

40
41 Vote: Approved; 9-0

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41

Board Member Wieczorek returned to the meeting at 11:59 pm.

2. Request for Approval to Sublease Between the Hamakua Agricultural Cooperative, Lessee/Sublessor, and Lesili Sekona, Sublessee; General Lease No. S-5553, TMK: (3) 4-3-003:003, Lot No. 27, Paauilo, Hamakua, Island of Hawaii, Hawaii

Brandi Ah Yo presented testimony as submitted.

Motion: Gomes/Ley

Discussion:

Board Member Cabral asked if DOA requires liability insurance holding DOA as a co insured. He asked if DOA has liability insurance for the properties. Ms. Ah Yo said yes. Board Member Cabral asked how he is covered if he is farming unofficially which means he doesn't have any liability insurance. Ms. Ah Yo said she will need to check with the cooperative because they sublease it.

Board Member Russell Tsuji asked if the cooperative has liability insurance. Ms. Ah Yo said yes, they do.

Board Member Mina asked what the status is of the roads of the coop and if the responsibility of the care falls on the coop. Ms. Ah Yo said she believes so and some of the areas are hard to go through but she states that it is only some of the areas.

Chair asked if there were any further discussion. There were none.

Vote: Approved; 9-0

C. PLANT INDUSTRY DIVISION

Plant Quarantine Branch

1. Request for Preliminary Review and Approval of the Petition from Ms. Carol Cozzi-Schmarr, Seahorse Hawaii Foundation, to Initiate Administrative Rule Making and Rule Amendment to Chapter 4-71, Hawaii Administrative Rules, to Change the Placement of the Mysid Shrimp, *Mysidopsis bahia*, from the List of Restricted Animals (Part A) to the List of Restricted Animals (Part B), as live feed

1 for seahorses.

2
3
4 Jonathan Ho presented testimony as submitted.

5
6 Motion: Evans/Gomes

7
8 Discussion:

9 Carol Cozzi-Schmarr said she has sea dragons on their farm for about 20 years and they trained
10 them to eat opae ula which is red shrimp. This shrimp has a different fatty acid profile and goes
11 to the bottom of the tank. The animals must learn to take it off the bottom of the tank. Ms.
12 Cozzi-Schmarr said they've never had a breeding success. She adds that Waikiki Aquarium and
13 others have had success by loading the water with this Mysisidopsis bahia. Ms. Cozzi-Schmarr
14 decided to do the same thing but they could not get a permit, but they realize that this food is
15 essential to the breeding success of the dragons and many others found in Hawaii. Ms. Cozzi-
16 Schmarr said they have no risk of escape and are a very secure facility. They do not discharge
17 their water into the ocean.

18
19 Deputy Attorney General adds that he doesn't think that Mr. Ho needs another denial, but he
20 thinks we need a motion to the board to send this matter to the advisory committee of plants
21 and animals. Mr. Ho said yes.

22
23 Board Member Mina asks Mr. Ho how long/slow the process is if it is being recommended to go
24 to full review. He said that he wants to see this fast tracked because if this is allowed in other
25 areas that are raising these animals, then Ms. Cozzi-Schmarr should be able to as well.

26
27 Mr. Ho said the list placement defines organizations which are eligible for importation. The
28 Waikiki aquarium qualifies and Ms. Cozzi-Schmarr does not because this is on the restricted A
29 list. The list change would make it eligible for her to import. The board could do the change by
30 board order if they choose to do so. Deputy Attorney General added that they can skip the
31 subcommittee, but this would still need to go through the advisory committee of plants and
32 animals.

33
34 Board Member En Young said that his inclination would be to go for full review. He wants the
35 commercial interest and foundation interest permits come separately before the board.

36
37 Board Member En Young left the meeting at 12:25 am.

38
39 Board Member Evans asked if there were any kind of due diligence that was required for the
40 agency? Mr. Ho said all agencies need to come before the board to receive approval. For
41 animals that are higher-level risks, they always have site inspections done prior to permit

1 issuance. The aquariums filter and treat the water before discharge and there are no records of
2 release. Based on the initial information provided by Ms. Cozzi-Schmarr, it appears that they
3 are doing the same thing. They have a facility that is adequate to do proper containment. The
4 list change is the real impediment in getting it done. Board Member Evans asked if this species
5 of shrimp ever been deemed harmful to indigenous opae. Mr. Ho said he doesn't know why it's
6 on the restricted list. He is not aware that they are being invasive. Mr. Trenton Yasui added that
7 the aquariums request did go to the board in 2016. Mr. Trenton Yasui said one of the potential
8 risk could be some kind of disease present when importing species on this list.

9
10 Board Member Wieczorek said she supports the full review so we can learn more about the
11 potential long-term effects.

12
13 Board Member Mina asks Ms. Cozzi-Schmarr if she has any experience on why this has been put
14 on the restricted list. Ms. Cozzi-Schmarr said she feels like these have been put on the
15 restricted list as just a random thing. She adds that there are many plants and animals that are
16 clearly evasive and are being sold by stores to the public. Board Member Mina asked what the
17 difference was with the fatty acid. Ms. Cozzi-Schmarr says the red shrimp has high levels of EPA
18 and DHA. Mysid shrimp has low EPA and high DHA. Ms. Cozzi-Schmarr says this creates an
19 imbalance in reproduction. Board Member Mina says he doesn't want to see this operation in
20 jeopardy in any way because of the responsible steps they took to grow this operation and
21 foundation. He wants to know what the critical path is to be taken to take this off the restricted
22 list. He added that if we do a meeting in Kona, he'd like to visit this operation.

23
24 Board Member Gomes added that they did a full review with Waikiki Aquarium. He asked if Mr.
25 Yasui suspects the outcome of the review would be different than back then. Mr. Yasui said he
26 suspects it would be similar.

27
28 Ms. Cozzi-Schmarr says that she has only one species of seahorses that she sells as a pet to the
29 pet trade. The other conservation species are the dragons and the exotic species which they
30 have for display and trade with aquariums. She adds that the ones they sell are fed a frozen
31 shrimp.

32
33 Board Member Wieczorek asks if moving the shrimp from part A to part B would mean that
34 anybody who is working in commercial aquaculture would be able to import the shrimp? Or
35 would they need to apply for specific permits. Mr. Ho said moving A to B would make mysid
36 shrimp eligible for other commercial ventures. The permit conditions that would be drafted and
37 presented to the board will be based off of Ms. Cozzi-Schmarr particular use. Should the board
38 approve that, the branch could issue permits for the same use for the same species. If they
39 were to use them for a different use, they would need to go through the board.

40

1 Board Member Ley said her preference would be to go through the full review and make a
2 decision based on that.

3

4 Board Member Mina asked how long this process takes. Mr. Ho said he will work with Ms.
5 Cozzi-Schmarr to get a request packaged for review.

6

7 Board Member Wieczorek asks Ms. Cozzi-Schmarr why the delay would affect her operation.
8 Ms. Cozzi-Schmarr said that they can't bring the animals in from Australia until they get the
9 permit to get the food so they may die waiting.

10

11 Chair asked if there were any further discussion. There were none.

12

13 Vote: Approved 8-0

14

15 V. OLD BUSINESS

16 None.

17

18 VI. NEW BUSINESS

19 VII.

20 None.

21

22 Motion to adjourn: Gomes/Cabral 12:51 pm

23

24 Respectfully submitted,

25

26

27

28 Marci Clingan

29

30

31

32

33

34

35

36

37

38

39

40

41