

STATE OF HAWAII
DEPARTMENT OF AGRICULTURE
AGRICULTURAL RESOURCE MANAGEMENT DIVISION
HONOLULU, HAWAII

March 27, 2024

Board of Agriculture
Honolulu, Hawaii

Subject: REQUEST TO: 1) RESCIND PRIOR BOARD ACTION APPROVING CONVERSION OF GENERAL LEASE NOS. S-5658 AND S-5168; AKAMAI LANDSCAPE & MAINTENANCE SERVICE, INC., LESSEE, AND 2) APPROVE EXTENSION OF GENERAL LEASE NOS. S-5658 AND S-5168; TMKS: (1) 4-1-027:011 AND (1) 4-1-027:018, LOTS 34 AND 32, WAIMANALO FARM LOTS, KOOLAUPOKO, WAIMANALO, ISLAND OF OAHU, HAWAII

Authority: Section 166E-5, Hawaii Revised Statutes (HRS), and Sections 4-158-9, 10, 11 and 12, Hawaii Administrative Rules (HAR)

Lessee: Akamai Landscape & Maintenance Service, Inc.

Land Area: S-5658: 9.565 gross acres
S-5168: 6.521 gross acres

Tax Map Key: S-5658: (1) 4-1-027:011 (see Exhibit "A")
S-5168: (1) 4-1-027:018 (see Exhibit "A")

Land Status: Encumbered by Governor's Executive Order No. 4239 to the Department of Agriculture (DOA) for Non-Agricultural Park Lands purposes dated September 17, 2008

Lease Term: S-5658: 30 years; December 1, 2002 through November 30, 2032
S-5168: 45 years; April 14, 1988 through April 13, 2033

Annual Rental: S-5658: \$14,828.00 per year
S-5168: \$12,248.00 per year

Character of Use: S-5658: Intensive Agriculture
S-5168: Diversified Agriculture

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REMARKS:

General Lease No. S-5658 and General Lease No. S-5168 were awarded by the Board of Land and Natural Resources to Akamai Landscape & Maintenance Service, Inc. In 2008 the leases were transferred to the DOA via Governor's Executive Order for management purposes. The lessee has successfully provided high quality plants and trees for commercial landscape projects for sale primarily to landscape contractors.

The Board of Agriculture (BOA), at its June 27, 2023 meeting, approved the conversion of the leases, however, the Lessee now requests to extend the term of the leases instead. The Lessee does not want to pay the lease conversion premium equal to 25% of the rental for the new leases. The Lessee's plans for the extended portion of the leases are to replace three 5,000 square foot shade houses which are approximately 40 years old, and purchase replacement nursery equipment estimated at \$200,000.00. General Lease No. S-5168 may be extended for an additional twenty (20) years to the maximum 65-year term pursuant to Section 166E-5, HRS, and Sections 4-158-9, 10, 11 and 12, HAR. The extension period for General Lease No. S-5168 will commence April 14, 2033 through April 13, 2053. The Lessee requests the extension period for General Lease No. S-5658 to commence December 1, 2032 through April 13, 2053, to be co-terminus with General Lease No. S-5168. The requirements of the above referenced sections state, in pertinent parts, the following:

- The holder of an encumbrance shall be satisfactorily performing in full compliance with the terms and conditions of the existing lease.
- The holder of the encumbrance shall not be in arrears in the payment of taxes, rents, or other obligations owed to the State or any county.
- The holder of an encumbrance's agricultural activity or farming operation shall be fully and economically viable as specified in section 4-158-11.

An appraisal was ordered pursuant to Section 4-158-21, HAR, for the purpose of determining the fair market rental for the subject parcels. The BOA, at its October 24, 2023 meeting, approved the fair market rentals for the leases. The appraised annual rental for General Lease No. S-5658 shall be \$15,315.00 versus 1.5% of gross sales, whichever is greater. The appraised annual rental for General Lease No. S-5168 shall be \$12,248.00 versus 1.5% of gross sales, whichever is greater. The rent re-opening for both leases shall be set on April 13, 2043.

RECOMMENDATION:

That the Board of Agriculture:

- 1) Rescind its prior approval of conversion of General Lease Nos. S-5658 and S-5168;
- 2) Approve the extension of General Lease No. S-5658 from December 1, 2032 through April 13, 2053; and
- 3) Approve the extension of General Lease No. S-5168 from April 14, 2033 through April 13, 2053.

All documents are subject to review and approval as to form by the Department of the Attorney General, and such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully submitted,



BRIAN KAU, P.E.
Administrator and Chief Engineer
Agricultural Resource Management Division

Attachments – Exhibit “A” map
Exhibit “B” pictures

APPROVED FOR SUBMISSION

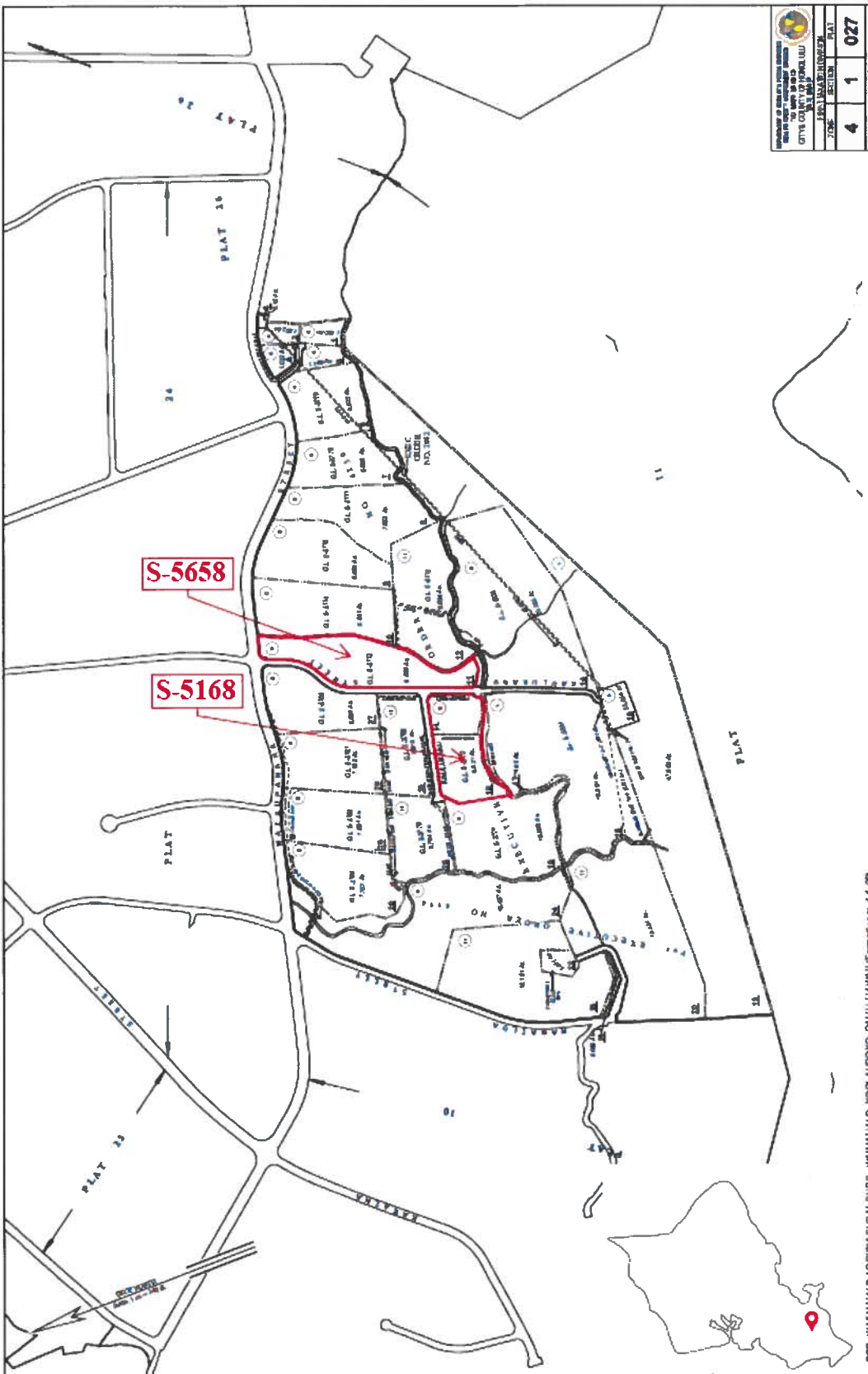


SHARON HURD
Chairperson, Board of Agriculture

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Exhibit "A"



FOR WAMANA AGRICULTURAL SUBS. WAMANA, KODI, KUPONO, OAHU, HAWAII (Former) pgs. 4-1-20

Exhibit "B"

S-5658 photos



S-5168 photos



STATE OF HAWAII
DEPARTMENT OF AGRICULTURE
AGRICULTURAL RESOURCE MANAGEMENT DIVISION
HONOLULU, HAWAII

March 27, 2024

Board of Agriculture
Honolulu, Hawaii

Subject: REQUEST FOR CONSENT TO ASSIGNMENT OF GENERAL LEASE NO. S-4625; KAHAKAI NURSERY, INC., LESSEE/ASSIGNOR; SHANE CASTILLO, ASSIGNEE; TMK: 3rd DIV/1-5-116:022, LOT 22, PAHOA AGRICULTURAL PARK, PUNA DISTRICT, ISLAND OF HAWAII, HAWAII

Authority: Section 166-7 and 9 Hawaii Revised Statutes, (HRS), and Section 4-153-33(a)(6)(B), Hawaii Administrative Rules (HAR)

Lessee/Assignor: Kahakai Nursery, Inc.

Assignee: Shane Castillo

Land Area: 10.000 acres

Tax Map Key: 3rdDiv/1-5-116:022 (Exhibit "A")

Lease Term: 55-years, May 1, 1980 through April 30, 2035

Land Status: Encumbered by Governor's Executive Order No. 3380, dated February 26, 1988, to the Department of Agriculture for Agricultural Park Purposes

Annual Base Rent: \$1,690.00 per year

Character of Use: Diversified Agriculture

Consideration: \$100,000.00

BACKGROUND:

The Board of Land and Natural Resources (BLNR) awarded General Lease S-4625 to Calvin K. Hayashi and Cary Lynne Hayashi, commencing on May 1, 1980, for a term of 55-years. General Lease S-4625 was transferred to the Department of Agriculture by Executive Order 3380, dated February 26, 1988. By mesne assignment the lease was transferred to Kahakai Nursery, Inc. in February 1994.

Over the last 30 years, Kahakai Nursery, Inc., has utilized this property to cultivate anthuriums. This property also contains three (3) greenhouse structures.

Grayson Inouye is the President of Kahakai Nursery, Inc. He is actively involved in the day-to-day management of the business. However, due to physical disability, it has become extremely difficult

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for Mr. Inouye to maintain and support this farming operation. Therefore, in accordance with Section 4-153-33(a)(6)(B), HAR, and the terms of the subject lease, the lessee is requesting to assign General Lease No S-4625 to Shane Castillo. The assignment will include three (3) greenhouse structures and a large plant inventory.

Shane Castillo has a lifetime of farming experience. He was raised on a taro farm located on the island of Kauai and has owned and operated C & C Tropicals since its inception in 2019, growing and selling a wide variety of flowers and foliage. In 2022, the BOA approved the Assignment of General Lease S-4428, located in the Pahoia Agricultural Park, to Mr. Castillo. Since taking over the lease, Mr. Castillo has made impressive improvements to the property and created a diverse farming operation that includes a wide variety of plant and food crops. He is an excellent steward of the land.

Mr. Castillo intends to continue and increase the current flower operation on the subject parcel.

Shane Castillo qualifies as a Bona fide farmer with more than two (2) years of full-time farming experience and satisfies the eligibility requirements pursuant to Sections 4-153-1 and 13, HAR.

There is a consideration of \$100,000.00 for the assignment of lease. General Lease S-4625 does not include a participation clause.

RECOMMENDATION:

That the Board of Agriculture approve the assignment of General Lease S-4625 from Kahakai Nursery, Inc., Lessee/Assignor, to Shane Castillo, Assignee, and the consideration of \$100,000.00. All related documents are subject to the review and approval as to form by the Department of the Attorney General, and such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

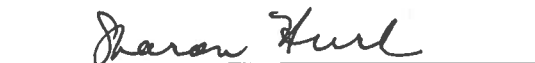
Respectfully submitted,



BRIAN KAU, P.E.
Administrator and Chief Engineer,
Agricultural Resource Management Division

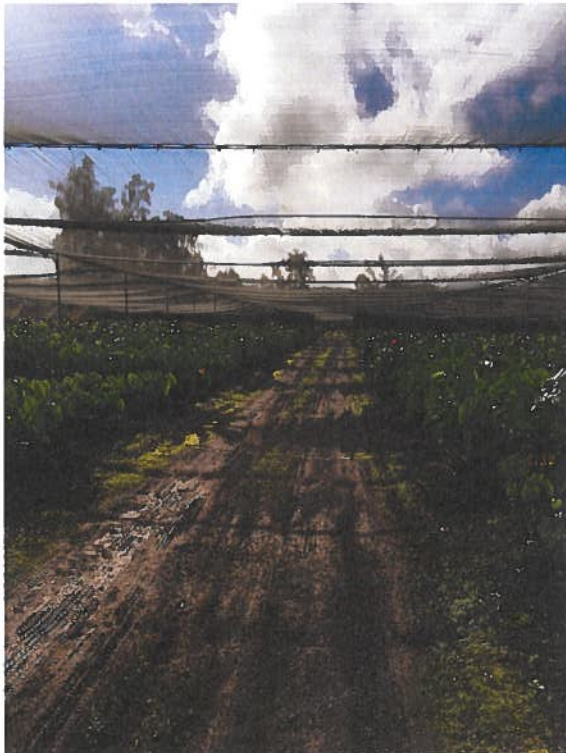
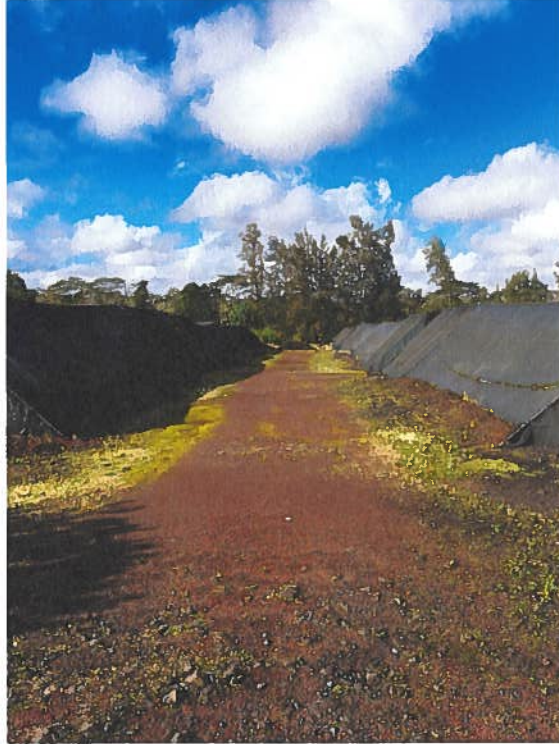
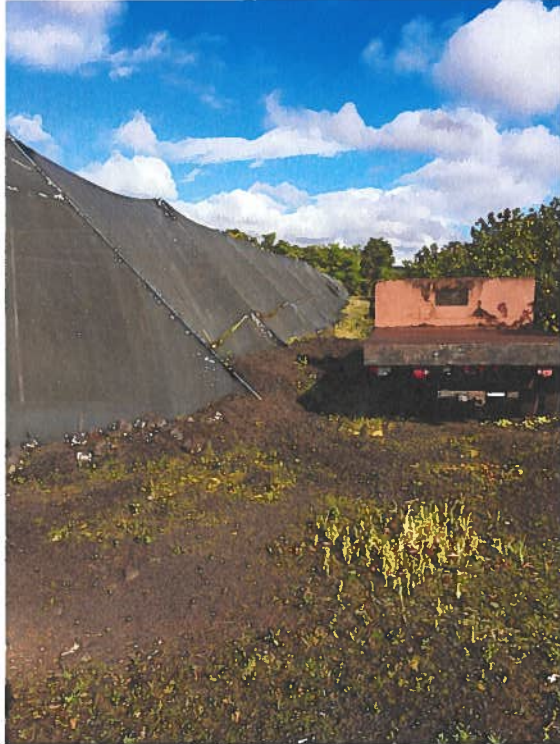
Attachments - Exhibit "A"

APPROVED FOR SUBMISSION:



SHARON HURD
Chairperson, Board of Agriculture

Photos
General Lease S-4625





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STATE OF HAWAII
DEPARTMENT OF AGRICULTURE
AGRICULTURAL RESOURCE MANAGEMENT DIVISION
HONOLULU, HAWAII

March 27, 2024

Board of Agriculture
Honolulu, Hawaii

Subject: REQUEST FOR CONSENT TO ASSIGNMENT OF GENERAL LEASE NO. S-4626; PACIFIC FLORAL EXCHANGE, INC., LESSEE/ASSIGNOR; SHANE CASTILLO, ASSIGNEE; TMK: 3rd DIV/1-5-116:023, LOT 23, PAHOA AGRICULTURAL PARK, PUNA DISTRICT, ISLAND OF HAWAII, HAWAII

Authority: Section 166-7 and 9 Hawaii Revised Statutes, (HRS), and Section 4-153-33(a)(6)(B), Hawaii Administrative Rules (HAR)

Lessee/Assignor: Pacific Floral Exchange, Inc.

Assignee: Shane Castillo

Land Area: 10.000 acres

Tax Map Key: 3rdDiv/1-5-116:023 (Exhibit "A")

Lease Term: 55-years, May 1, 1980 through April 30, 2035

Land Status: Encumbered by Governor's Executive Order No. 3380, dated February 26, 1988, to the Department of Agriculture for Agricultural Park Purposes

Annual Base Rent: \$1,690.00 per year

Character of Use: Diversified Agriculture

Consideration: \$150,000.00

BACKGROUND:

The Board of Land and Natural Resources (BLNR) awarded General Lease S-4626 to Raymond H. Iwata and Jean R. Iwata, commencing on May 1, 1980, for a term of 55 years. General Lease S-4625 was transferred to the Department of Agriculture by Executive Order 3380, dated February 26, 1988. By mesne assignment the lease was transferred to Pacific Floral Exchange, Inc. in July 1992.

Pacific Floral Exchange, Inc. is a reputable floral farming business on the Big Island. As a lessee of General Lease S-4626, Pacific Floral Exchange developed the subject property, cultivating a variety of anthurium plants and foliage. They also constructed three (3) greenhouse structures and one (1) utility building to support their farming operation.

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Grayson Inouye is the President of Pacific Floral Exchange, Inc. He is actively involved in the day-to-day management of the business. However, due to physical disability, it has become extremely difficult for Mr. Inouye to maintain and support this farming operation. Therefore, in accordance with Section 4-153-33(a)(6)(B), HAR, and the terms of the subject lease, the lessee is requesting to assign General Lease No. S-4626 to Shane Castillo. The assignment will include three (3) greenhouse structures, one (1) utility building, and a large plant inventory.

Shane Castillo has a lifetime of farming experience. He was raised on a taro farm located on the island of Kauai and has owned and operated C & C Tropicals since its inception in 2019, growing and selling a wide variety of flowers and foliage. In 2022, the BOA approved the Assignment of General Lease S-4428, located in the Pahoehoe Agricultural Park, to Mr. Castillo. Since taking over the lease, Mr. Castillo has made impressive improvements to the property and created a diverse farming operation that includes a variety of plant and food crops. He is an excellent steward of the land.

Mr. Castillo intends to continue and increase the current flower and foliage operation on the subject parcel.

Shane Castillo qualifies as a Bona fide farmer with more than two (2) years of full-time farming experience and satisfies the eligibility requirements pursuant to Sections 4-153-1 and 13, HAR.

There is a consideration of \$150,000.00 for the assignment of lease. General Lease S-4626 does not include a participation clause.

RECOMMENDATION:

That the Board of Agriculture approve the assignment of General Lease S-4626 from Pacific Floral Exchange, Inc., Lessee/Assignor, to Shane Castillo, Assignee, and the consideration of \$150,000.00. All related documents are subject to the review and approval as to form by the Department of the Attorney General, and such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully submitted,



BRIAN KAU, P.E.
Administrator and Chief Engineer,
Agricultural Resource Management Division

Attachments - Exhibit "A"

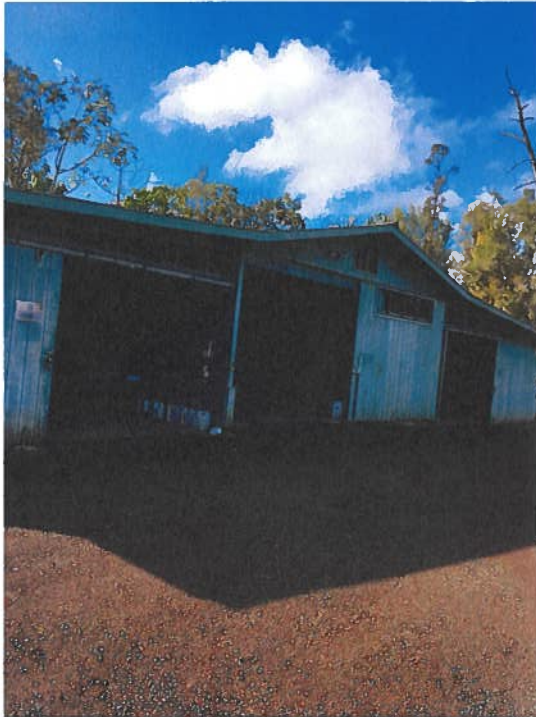
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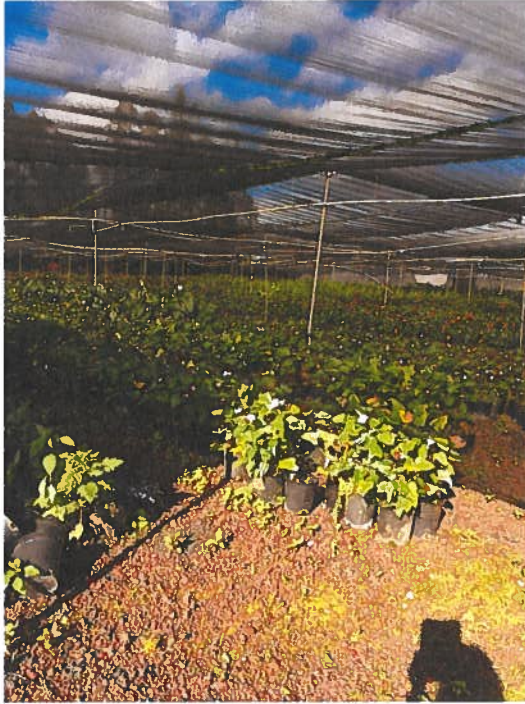


SHARON HURD
Chairperson, Board of Agriculture

EXHIBIT "A"

Photos
General Lease S-4626





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STATE OF HAWAII
DEPARTMENT OF AGRICULTURE
AGRICULTURAL RESOURCE MANAGEMENT DIVISION
HONOLULU, HAWAII

March 27, 2024

Board of Agriculture
Honolulu, Hawaii

Subject: REQUEST FOR CONSENT TO ASSIGNMENT OF GENERAL LEASE NO. S-4630; PACIFIC FARMS, INC., LESSEE/ASSIGNOR; SHANE CASTILLO, ASSIGNEE; TMK: 3rd DIV/1-5-116:025, LOT 27, PAHOA AGRICULTURAL PARK, PUNA DISTRICT, ISLAND OF HAWAII, HAWAII

Authority:	Section 166-7 and 9 Hawaii Revised Statutes, (HRS), and Section 4-153-33(a)(6)(B), Hawaii Administrative Rules (HAR)
Lessee/Assignor:	Pacific Farms, Inc.
Assignee:	Shane Castillo
Land Area:	16.501 acres
Tax Map Key:	3 rd Div/1-5-116:025 (Exhibit "A")
Lease Term:	55-years, May 1, 1980 through April 30, 2035
Land Status:	Encumbered by Governor's Executive Order No. 3380, dated February 26, 1988, to the Department of Agriculture for Agricultural Park Purposes
Annual Base Rent:	\$2,480.00 per year
Character of Use:	Diversified Agriculture
Consideration:	\$ 50,000.00

BACKGROUND:

The Board of Land and Natural Resources (BLNR) awarded General Lease S-4630 to Ryoichi and Reiko Okamoto, commencing on May 1, 1980, for a term of 55-years. General Lease S-4630 was transferred to the Department of Agriculture by Executive Order 3380, dated February 26, 1988. By mesne assignment the lease was transferred to Pacific Farms, Inc. in September 2003.

Pacific Farms, Inc. utilizes the subject property to cultivate anthuriums and foliage. The property contains two (2) greenhouse structures.

Grayson Inouye is the President of Pacific Farms, Inc. He is actively involved in the day-to-day management of the business. However, due to physical disability, it has become extremely difficult for

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Mr. Inouye to maintain and support this farming operation. Therefore, in accordance with Section 4-153-33(a)(6)(B), HAR, and the terms of the subject lease, the lessee is requesting to assign General Lease No. S-4630 to Shane Castillo. The assignment will include two (2) greenhouse structures and a large plant inventory.

Shane Castillo has a lifetime of farming experience. He was raised on a taro farm located on the island of Kauai and has owned and operated C & C Tropicals since its inception in 2019, growing and selling a wide variety of flowers and foliage. In 2022, the BOA approved the Assignment of General Lease S-4428, located in the Pahoa Agricultural Park, to Mr. Castillo. Since taking over the lease, Mr. Castillo has made impressive improvements to the property and created a diverse farming operation that includes a variety of plant and food crops. He is an excellent steward of the land.

Mr. Castillo intends to continue and increase the current flower and foliage operation on the subject parcel.


Shane Castillo qualifies as a Bona fide farmer with more than two (2) years of full-time farming experience and satisfies the eligibility requirements pursuant to Sections 4-153-1 and 13, HAR.

There is a consideration of \$50,000.00 for the assignment of lease. General Lease S-4630 does not include a participation clause.

RECOMMENDATION:

That the Board of Agriculture approve the assignment of General Lease S-4630 from Pacific Farms, Inc., Lessee/Assignor, to Shane Castillo, Assignee, and the consideration of \$50,000.00. All related documents are subject to the review and approval as to form by the Department of the Attorney General, and such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.


Respectfully submitted,



BRIAN KAU, P.E.
Administrator and Chief Engineer,
Agricultural Resource Management Division

Attachments - Exhibit "A"

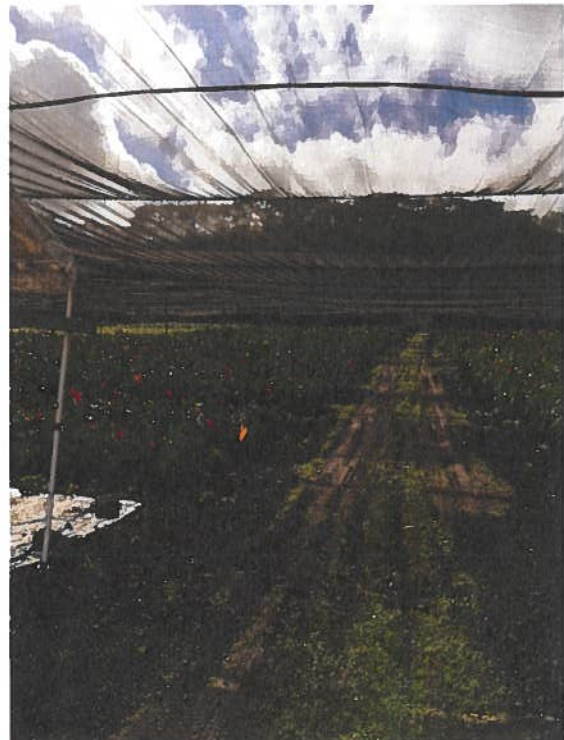
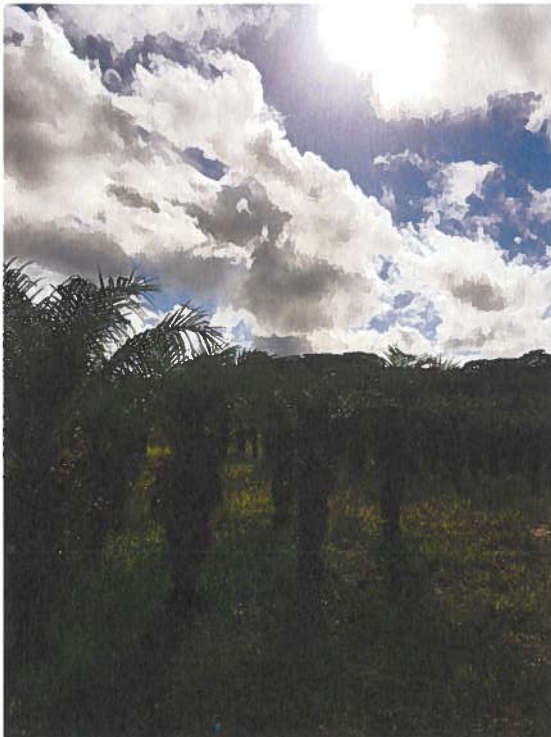
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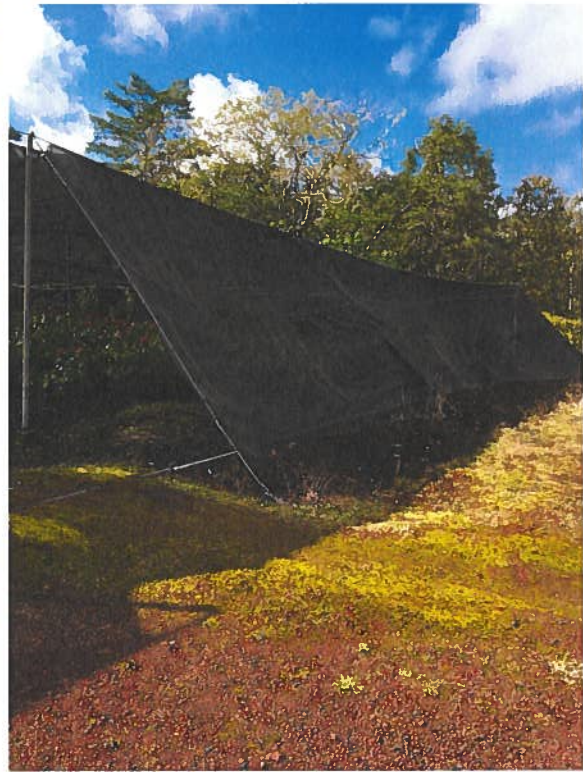
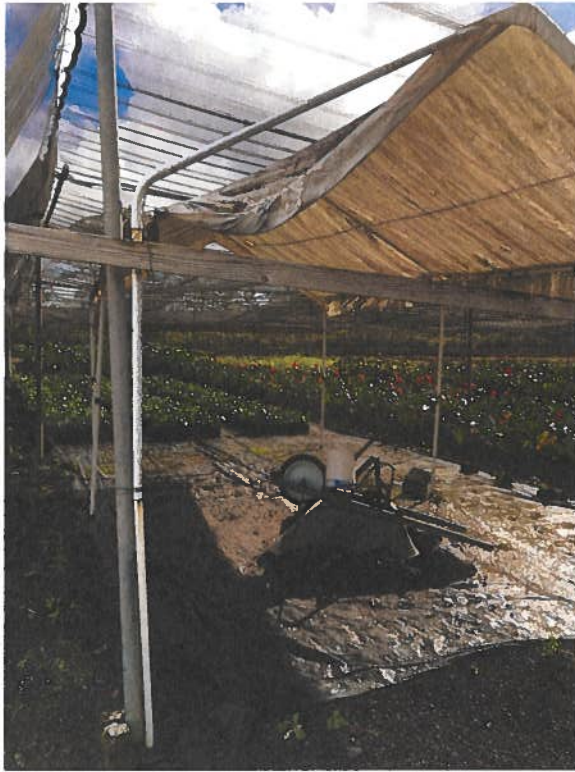


SHARON HURD
Chairperson, Board of Agriculture



Photos
General Lease S-4630





STATE OF HAWAII
DEPARTMENT OF AGRICULTURE
AGRICULTURAL RESOURCE MANAGEMENT DIVISION
HONOLULU, HAWAII

March 27, 2024

Board of Agriculture
Honolulu, Hawaii

Subject: REQUEST FOR CONSENT TO ASSIGNMENT OF GENERAL LEASE NO. S-4423; MELECIO C. ALVARADO AND ARCELI S. ALVARADO, LESSEE/ASSIGNOR; PLANT GENESIS HAWAII, LLC., ASSIGNEE; TMK: 3rd DIV/1-5-116:009, LOT 9, PAHOA AGRICULTURAL PARK, PUNA DISTRICT, ISLAND OF HAWAII, HAWAII

Authority: Section 166-7 and 9 Hawaii Revised Statutes, (HRS), and Section 4-153-33(a)(6)(B) and (C), Hawaii Administrative Rules (HAR)

Lessee/Assignor: Melecio C. Alvarado and Arceli S. Alvarado

Assignee: Plant Genesis Hawaii, LLC.

Land Area: 10.000 acres

Tax Map Key: 3rdDiv/1-5-116:009 (Exhibit "A")

Lease Term: 55-years, February 1, 1975 through January 31, 2030

Land Status: Encumbered by Governor's Executive Order No. 3380, dated February 26, 1988, to the Department of Agriculture for Agricultural Park Purposes

Annual Base Rent: \$1,750.00 per year

Character of Use: Diversified Agriculture

Consideration: None

BACKGROUND:

The Board of Land and Natural Resources (BLNR) awarded General Lease S-4423 to Masawo Kawakami commencing on February 1, 1975 for a term of 55-years. At its meeting held on October 27, 1978, the BLNR consented to the Assignment of Lease from Masawo Kawakami to David Shiigi. General Lease S-4423 was transferred to the Department of Agriculture by Executive Order 3380, dated February 26, 1988. On December 16, 1994, the Board of Agriculture consented to the Assignment of Lease from David Shiigi to Melecio Alvarado and Arceli Alvarado.

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Mr. and Mrs. Alvarado utilized the subject property to grow papaya. Mr. Alvarado is now disabled and unable to farm the property. Due to his inability to farm, they have suffered financial hardship and have fallen delinquent with their annual lease rent and real property taxes. In accordance with Section 4-153-33(a)(6)(B) and (C), HAR, and the terms of the lease, Mr. and Mrs. Alvarado are requesting to assign General Lease S-4423 to Plant Genesis Hawaii, LLC. This assignment will include a small packing warehouse.

Thomas Gathercoal, sole owner of Plant Genesis LLC since 2014, has over 23 years of farming experience. Mr. Gathercoal is a wholesaler of potted plants, primarily palms and Norfolk pines. Prior to opening his business, he spent 13 years working for Hawaiian Phoenix, where he managed a 25-acre farm of potted plants.

Mr. Gathercoal is looking to expand his current production on the subject property. He also plans to make improvements to the packing structure and to erect shade houses.

Plant Genesis, LLC qualifies as an agricultural company with more than 75 percent of its officers qualifying as a Bona fide farmer. Thomas Gathercoal, the sole owner of Plant Genesis, LLC, qualifies as a Bona fide farmer with more than two (2) years of full-time farming experience and satisfies the eligibility requirements pursuant to Sections 4-153-1 and 13, HAR.

There is no consideration for the assignment of lease.

RECOMMENDATION:

That the Board of Agriculture approve the assignment of General Lease S-4423 from Melecio C. Alvarado and Arceli S. Alvarado, Lessee/Assignor, to Plant Genesis Hawaii, LLC., Assignee. All related documents are subject to the review and approval as to form by the Department of the Attorney General, and such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully submitted,



BRIAN KAU, P.E.
Administrator and Chief Engineer,
Agricultural Resource Management Division

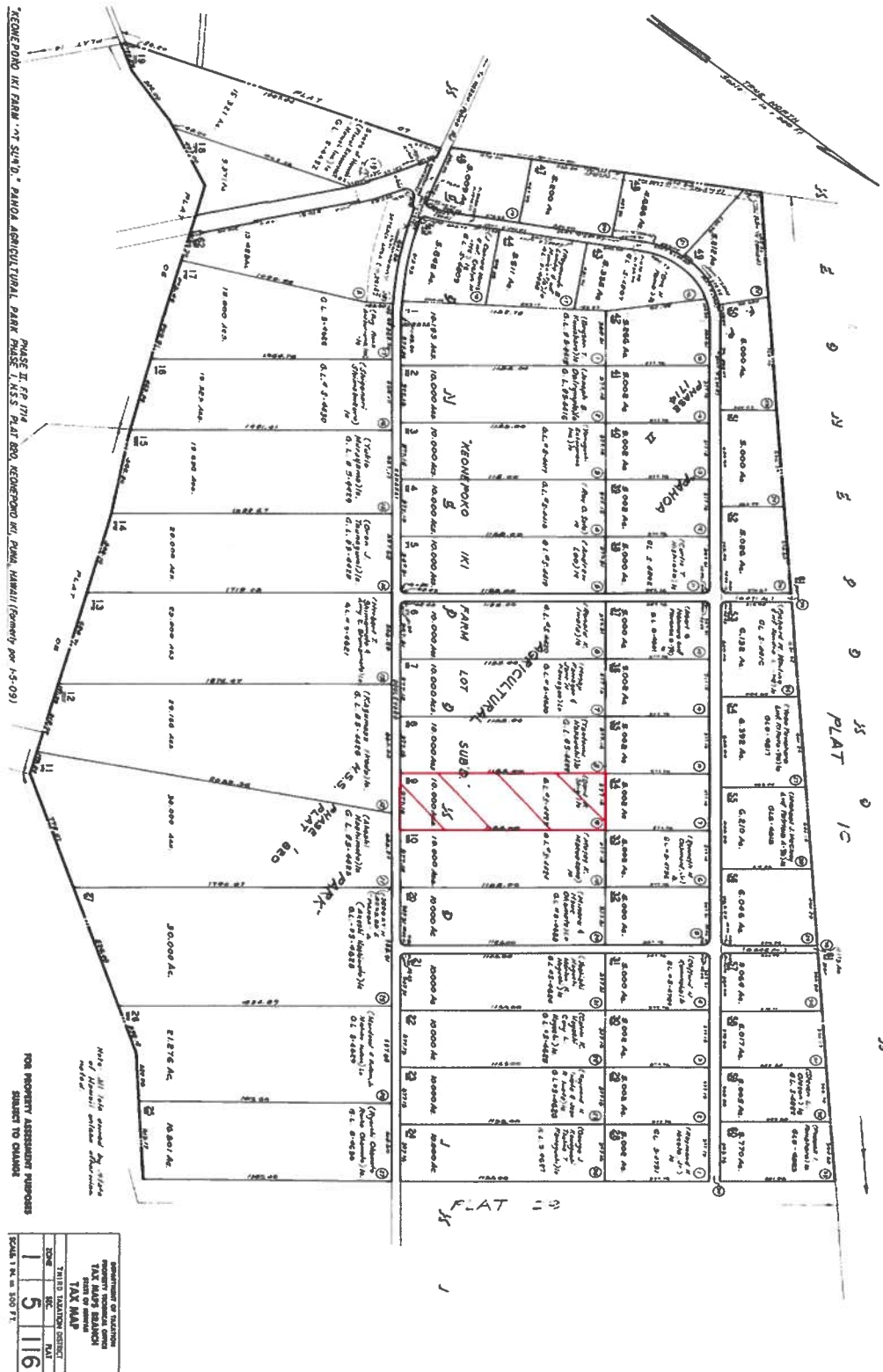
Attachments - Exhibit "A"

APPROVED FOR SUBMISSION:

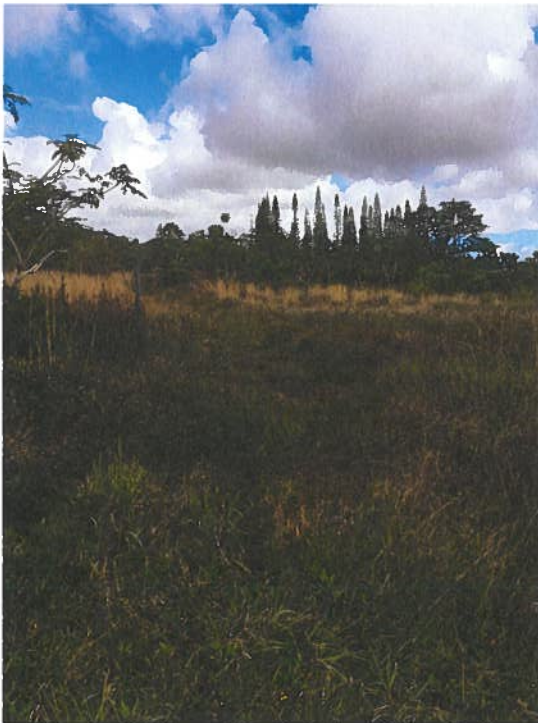


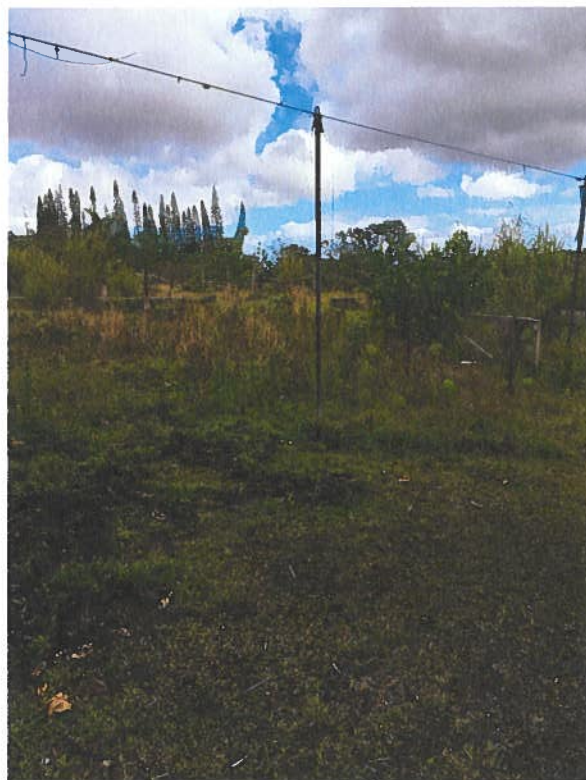
SHARON HURD
Chairperson, Board of Agriculture

EXHIBIT "A"



Photos
General Lease S-4423





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STATE OF HAWAII
DEPARTMENT OF AGRICULTURE
AGRICULTURAL RESOURCE MANAGEMENT DIVISION
HONOLULU, HAWAII

March 27, 2024

Board of Agriculture
Honolulu, Hawaii

Subject: REQUEST FOR APPROVAL TO SUBLEASE BETWEEN THE HAMAKUA AGRICULTURAL COOPERATIVE, LESSEE/SUBLESSOR; AND SARAH PURGUS, SUBLESSEE; GENERAL LEASE NO. S-7011, TMK: 3rd DIV/4-3-005:018 (POR), LOT NO W10, HAMAKUA AGRICULTURAL PARK, PHASE II, POHAKUHAKU AND KEMAU 1ST, HAMAKUA DISTRICT, ISLAND OF HAWAII

Authority:	Section 166-6 Hawaii Revised Statutes, (HRS), and Section 4-153-33(a)(7), Hawaii Administrative Rules (HAR)
Lessee/Sublessor:	Hamakua Agricultural Cooperative
Sublessee:	Sarah Purgus
Land Area:	4.050 acres
Tax Map Key:	3 rd Div/4-3-005:018 (por) (Exhibit "A")
Land Status:	The Hamakua Agricultural Park lands were acquired in fee by the Department of Agriculture under foreclosure and Bankruptcy Settlement Agreement with Hamakua Sugar Company, Inc.
Lease Term:	35-years, June 30, 1998 through June 29, 2033
Sub-Lease Term:	January 1, 2024 through June 29, 2033
Sublease Base Annual Rent:	\$439.43/year
Character of Use:	General Agricultural Purposes in accordance with a Plan of Utilization and Development approved by the Department

BACKGROUND:

Sarah Purgus is requesting to sublease lot W10, under General Lease S-7011, consisting of approximately 4.050 acres. Ms. Purgus would like to utilize this property to demonstrate methods of Sylvan Agroforestry to produce a wide variety of nutrient-dense fruits and vegetables, such as but not limited to, onions, squash, carrots, cassava, potatoes, ginger, turmeric, vanilla, taro, citrus trees, papaya and coconut. Her plan will also include the raising of livestock, goats and sheep, for land management purposes.

A26

Ms. Purgus has over 8 years of farming experience. Since January 2021, she opened her own farming operation, Alane Farms, where she cultivates a wide variety of fruits and vegetable crops. Ms. Purgus also owns Hamakua Honi since 2019, where she raises bees and produces honey products. Ms. Purgus would like to utilize lot W10 to expand on her current operation.

Ms. Purgus qualifies as a bona fide farmer with more than two years of full-time farming experience and meets the application and eligibility requirements in accordance with sections 4-153-1 and 13, HAR.

RECOMMENDATION:

That the Board of Agriculture approve the Sublease between the Hamakua Agricultural Cooperative, Lessee/Sublessor, and Sarah Purgus, Sublessee, for Lot No. W10, in the Hamakua Agricultural Park, under General Lease S-7011, through the expiration date of June 29, 2033, and further subject to the review and approval as to form of the consent document by the Department of the Attorney General, and such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully submitted,



BRIAN KAU, P.E.
Administrator and Chief Engineer,
Agricultural Resource Management Division

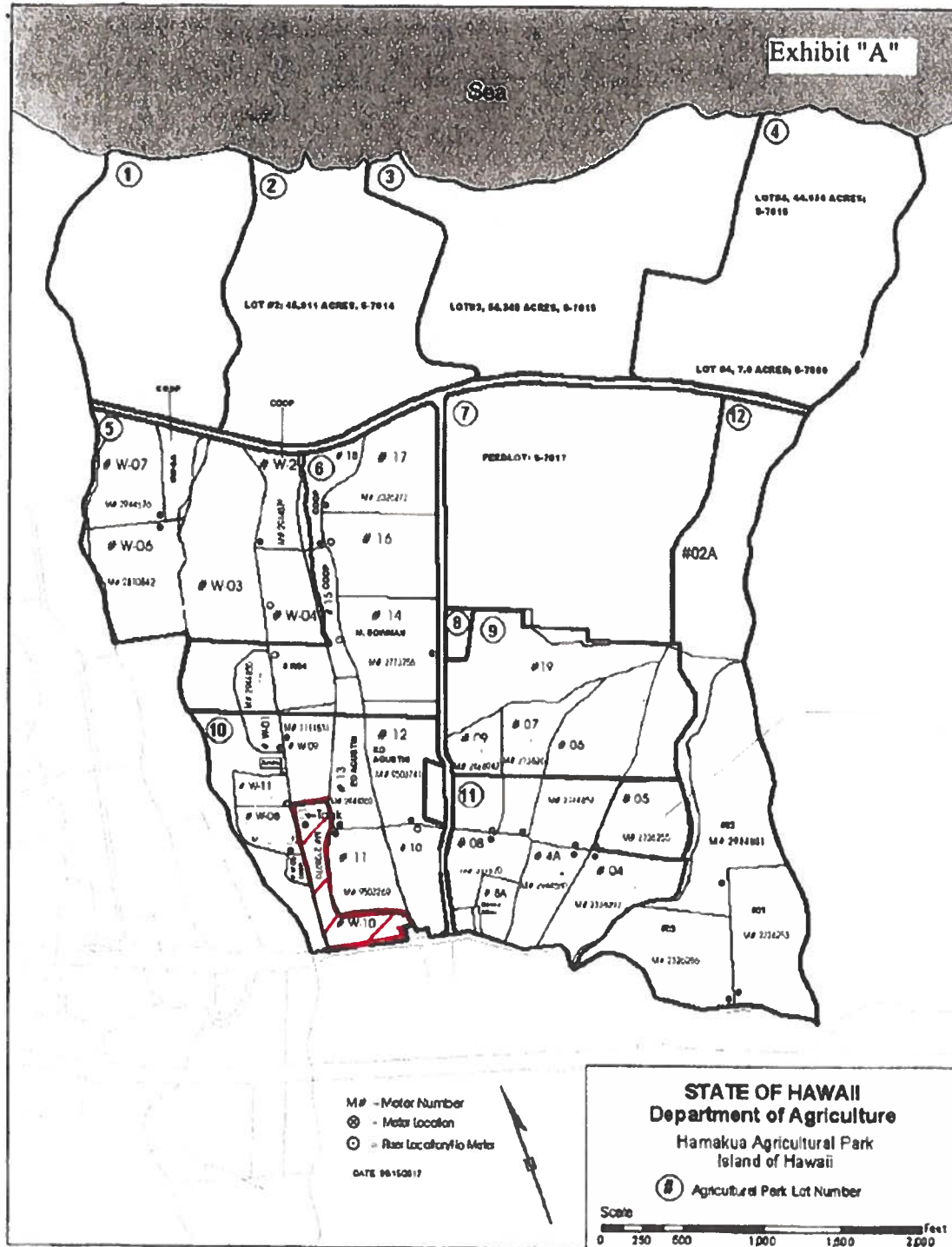
Attachment - Exhibit "A"

APPROVED FOR SUBMISSION:



SHARON HURD
Chairperson, Board of Agriculture

EXHIBIT "A"



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