

AGRIBUSINESS DEVELOPMENT CORPORATION

Minutes of the Board of Directors meeting for December 20, 2017
Department of Agriculture Plant Quarantine Conference Room
1849 Auiki Street, Honolulu, Hawaii 96819

Members:

Letitia Uyehara	Lloyd Haraguchi
Sandra Kato-Klutke	Yukio Kitagawa
Douglas Schenk	Margarita Hopkins
Robbie Melton	Jeffrey Pearson
Scott Enright arrived at 10:00	Denise Albano

Absent:

Leilyn Koev

Guests:

Todd Low, HDOA	CyVan Yamamoto, Kings Hawaiian
Cynthia Au, District 46, House of Representatives	
Tina Deitschman, Senator Dela Cruz's office	

Staff:

James Nakatani
Myra Kaichi
Lynn Owan
Ken Nakamoto
Cindy Doi

Counsel:

Andrew Goff

A. Call to Order.

Chairperson Uyehara called the meeting to order at 9:07 am.

B. Approval of minutes from the October 11, 2017 meeting

Ms. Klutke was not present at the October 11, 2017 meeting.

Ms. Melton moved to approve the minutes as amended; Ms. Hopkins seconded the motion; motion carried unanimously.

C. Presentation by King's Hawaiian: Hui Na Mea'Ai, Phase 1, Whitmore Proposal.

Chair introduced Mr. Yamamoto from King's Hawaiian who made the power point presentation. They have founded a non-profit here in Hawaii which is being supported by King's Hawaiian but the whole

idea is to help agriculture in Hawaii to develop into the new century. Hui Na Mea 'Ai Hawai'i has developed a functional design of a wash, pack, and store facility for the aggregation of agriculture products with the possibility of also doing certain value added products. The concept was designed to meet current food safety standards and fit within the Tamura Building in Wahiawa but could also be used to create a new, stand alone facility. They envision that this would be a key early phase and proof point for the Whitmore Village project that would continue to grow and scale as farmer demand increases.

Mr. Kitagawa asked what the role was going to be for King's Hawaiian. Mr. Yamamoto replied they don't have any plans to operate the facility. As far as funding, they have funded all the work done so far. They would be looking for federal and state funding to build the facility. They would like to look at investors and maybe the University.

Mr. Haraguchi asked if that facility would be in Wahiawa using the Tamura Building or an existing building in Whitmore. Mr. Yamamoto replied this concept could be built in Whitmore but would be easier at Tamura because of the existing building, design and infrastructure could handle what they foresee.

Mr. Schenk asked if there were other facilities that has this concept. Mr. Yamamoto replied yes, but probably on a larger scale. He will get more information and send it to the Board.

D. Request for approval to revoke a 3-year lease to Mari's Garden for agricultural purposes, Whitmore, Oahu, Tax Map Key (1) 7-1-02-09 (por).

Mr. Nakamoto made the presentation to revoke the 3-year lease to Mari's Garden. He stated that on September 1, 2017, the ADC issued a lease to Mari's Garden to use Building N for a greenhouse. Also Building M, for a storage warehouse. Mari's Garden proposed to improve the greenhouse and conduct a variety trials on potential crops that cannot be grown at lower elevations. The proposed improvements was estimated cost of \$103,000. However after further inspection, Mari's Garden determined that the cost to improve the greenhouse exceeded its estimated cost and has informed ADC that they would like to terminate their lease to use the structure. Since there were no improvements made, the ADC will not impose any penalties to for early termination. The recommendation is for approval to revoke the 3-year lease to Mari's Garden for a portion of TMK 1-7-1-02-09.

Ms. Klutke moved to approve the recommendation to revoke the 3-year lease to Mari's Garden; Ms. Hopkins seconded the motion; motion carried unanimously.

E. Request for Approval to Amend the Terms and Conditions of Ho Farms LLC's Galbraith Land License, Tax Map Key 6-5-02-25 (por), Lot 10.

Chair commented that this was a deferred item from ADC's last meeting which is a request for approval to amend the terms and conditions of Ho Farms Galbraith Land License. Also Ho Farms sent their Land Utilization plan which was given to the members.

Mr. Haraguchi asked what would ADC do if they don't come through. Chair replied after it is approved, Ho Farms will need to start paying the regular rates because the Board did give them some concession

based on doing land improvements to get ready to start farming but they have not done anything to this day.

Mr. Nakatani stated that we will institute for all tenants that letters will be sent out if they do not comply or late in paying their rent.

Chair stated as far as Ho Farms land utilization plan it does specify dates therefore we need to hold them to it and if no movement or activity is being done then we need to write to them. Mr. Nakatani stated that all tenants will need to comply with all their conditions and if not we should send out reminders if they are not in compliance. Also dates should be held firm.

Mr. Kitagawa asked about the containers that they proposed to put on their property. He didn't want this area to become a place where they would be gathering. Mr. Nakamoto stated that we would like to amend the license that have not been already signed to be clean and concise specifying that there be no homes or living on the property. Four years ago, we crafted a license to Ho Farms who we thought would be ready and willing to go on the property therefore the lower rent. However they did not do anything on the property thus the recommendation is to charge Ho Farms the regular rate.

Mr. Nakamoto stated that Ho Farms have started clearing the property with a small mower, submitted their conservation plan, and commercial liability insurance.

Ms. Hopkins moved to approve the recommendations to amend Ho Farms terms and conditions; Mr. Schenk seconded the motion; motion carried.

F. Request for approval to renew Revocable Permit No. 7004 for Gary Smith in Kekaha, Kauai; Tax Map Key (4) 1-2-02-01 (por).

Ms. Owan made the presentation for approval to renew RP No. 7004 for Gary Smith. The Permittee's use of the land is gardening and the location of the plot do not qualify for a long-term license. The Permittee is in good standing and is current on his rent payments. The recommendation is that the Board approve the renewal of RP 7004 with the following: renewal of a month-to-month revocable permit effective January 1, 2018 for 2,780 sq. ft.; rent remain unchanged at \$156/year (\$13 a month); applicant shall not sublicense or sublease the whole or any portion of their premises without the prior written approval of the ADC Board; and all remaining terms and conditions of RP 7004 remain in full force and effect.

Mr. Enright moved to approve the recommendation to renew Revocable Permit No. 7004 for Gary Smith; Ms. Klutke seconded the motion; motion carried unanimously.

G. Request for approval to renew Revocable Permit No. 7299 for Senter Petroleum, in Kekaha, Kauai, Tax Map Key (4) 1-2-02-01 (por).

Ms. Owan made the presentation for the approval to renew Revocable Permit No. 7299 for Senter Petroleum. The rent space is for the land under and immediately around above ground storage tanks that are used for petroleum storage, sales and distribution, plus access to the site from Kekaha Road. Permittee is not interested in a long-term agreement. The RP conditions include a clause that requires

the Permittee to conduct a Level One Hazardous Waste Evaluation and conduct a complete abatement and dispose, if necessary prior to termination of the RP. In July 2017, the Permittee submitted their Spill Prevention Control and Countermeasure Plan to the ADC. Permittee is in good standing and is current on their rent payments. The recommendation is that the board approve the following: renewal of a month-to-month revocable permit effective January 1, 2018; rent remain unchanged at \$13,500/year (\$1,125/month); applicant shall not sublicense or sublease the whole or any portion of their premises without the prior written approval of the ADC Board; and all remaining terms and conditions of RP 7229 remain in full force and effect.

Mr. Schenk moved to approve the recommendation to renew Revocable Permit No. 7299 for Senter Petroleum; Ms. Klutke seconded the motion.

Mr. Pearson asked how the rent was determined. He said that an appraisal should be done. An appraisal was done in 2003 when ADC received it.

Motion carried unanimously.

H. Request for approval to amend License No. L-08202 to Hartung Brothers Hawaii, LLC fka Syngenta Hawaii, LLC, to reduce the licensed acreage in Field 409 by 17 acres, more or less, Kekaha, Kauai, Tax Map Key (4) 1-2-02-01 (por).

Ms. Owan made the presentation to amend License No. L-08202 to Hartung Brothers to reduce the licensed acreage in Field 409 by 17 acres more or less. She stated that License L-08202 issued to Syngenta Hawaii, LLC has been effective since December 4, 2007. In 2017, Hartung Brothers LLC bought Syngenta Hawaii and changed its name. Currently, they rent a total of 1,313.33 acres. When ADC received the set aside in 2003 for the Kekaha lands, seven revocable permits were transferred including RP 7239 that DLNR issued to Syngenta Seeds Inc. The Kekaha RP holders divvied up the lands by clusters of fields, and using CIS technology agreed upon acreages to coincide with the field boundaries that would be issued as licenses to the RP holders. The entire Field 409 was taken by Syngenta and only recently discovered that the set aside had actually given the ADC only a portion of Field 409. Therefore, the ADC had erroneously licensed the portion of Field 409 that was not set aside to ADC. Those portions of the surrounding lands that are encumbered by office buildings and agricultural structure improvements had been carved out of the set aside to ADC, and set aside instead to the Department of Agriculture. In subsequent subdivisions, portions of Field 409 are now included in three different tax map key parcels under the control of DOA and DLNR. Tenant and DLNR agree that approximately 17 acres of Field 409 are part of TMK (4) 1-2-02-40, which the Land Board recently granted to the tenant via revocable permit, effective December 1, 2017. Therefore ADC should remove the 17 acres from License No. L-08202 that are now included in the DLNR revocable permit, and should commensurately reduce the rental fee under the License. The recommendation is that the Board approve the removal of seventeen acres from License No. L-08202 to Hartung Brothers Hawaii and the reduction in rental fee by \$2,550 per annum; that all other terms and conditions of License No. L-08202 continue to be in full force and effect.

Mr. Enright moved to approve the recommendation; Ms. Hopkins seconded the motion.

Ms. Kaichi explained the map that was attached.

Motion carried unanimously.

I. Request for after-the-fact approval to terminate Revocable Permit No. 7448 issued to William J. Sanchez and issue a new RP to William J. Sanchez for Unit A located in Kalepa, Kauai, Tax Map Key (4) 3-9-02-20 (por).

Ms. Owan made the presentation on a request for an after-the-fact approval to terminate Revocable Permit No. 7448 issued to William J. Sanchez and issue a new RP to William J. Sanchez for Unit A located in Kalepa, Kauai. The applicant was issued a revocable permit in 2013. On July 25, 2017, the Board approved the withdrawal of approximately 200 acres under RP 7448. This is an after-the-fact request to issue a new RP with the reduced acreage effective November 1, 2017 to October 31, 2018. Tenant has been maintaining the land and presently developed at 100% capacity. Also payments has been made in a timely manner. The recommendation is that the board approve, after-the-fact with the following: issuance of new month-to-month revocable permit to William Sanchez effective November 1, 2017 for 419 gross acres of Unit A; rent is reduced to \$5,970/year (\$15 acre/year for 398 new acres); applicant shall not sublicense or sublease the whole or any portion of their premises without the prior written approval of the ADC Board; and all remaining terms and conditions of the amended RP 7448 remain in full force and effect.

Ms. Melton moved to approve recommendations as amended; Ms. Hopkins seconded the motion.

Ms. Hopkins asked the acres are 419 gross but is charged only 398 and not for the unusable acres. Ms. Owan replied yes.

Motion carried unanimously with corrections.

J. Executive Director's Reports and Updates.

1. Anticipated land closing
2. Whitmore
3. Kalepa

Mr. Nakatani made his executive director's reports and updates. The anticipated land closing are TMKs: 6-4-04-06 & 08 (234 acres, 162 usable acres); 9-5-03-07 (91 usable acres); 6-5-02-11 (216 usable acres); and 6-5-05-02 (434 acres, 424 usable acres). The land was previously owned by Castle and Cooke and Dole Food Company Hawaii. First two TMKs are currently vacant and not used for agricultural production and heavily vegetated with trees and tall grass. The last two TMKs are active farmland equipped with irrigation. The ADC anticipates closing on the five parcels on December 28, 2017.

On December 11, 2017, the ADC demolished five illegal structures near Whitmore Circle Apartments on Uwalu Circle in responses to several complaints about drug use, loud noise, open fires, fights, loose dogs, gambling, prostitution, and illegal dumping in the area. The ADC has a problem with trespassing in Whitmore on the vacant and unusable portions of land which consist of overgrown fields, gullies, and natural forested areas. Numerous verbal and written warnings to several individuals and has installed signage, barriers, and gates to secure the acres. ADC does not have any immediate plans to use this

area, and is contemplating allowing community members to enter into an agreement with ADC to legally use the area for a community garden and provide security.

ADC is placing an encumbrance on HSPA #1, occupied by Kapaa Banana, to provide access to a 2-acre parcel identified as HSPA #2. Providing access to HSPA #2 will allow ADC to place a farmer on the land. At the appropriate time, the ADC will include this encumbrance in the License Agreement for HSPA #1 and HSPA #2.

Mr. Pearson stated that the ADC has large parcels of land and that the homeless are not going away therefore maybe ADC should work on their budget to put money towards this problem.

Chair stated that there is a need to look at starting a committee to look at places like Whitmore and Kalepa to start an investigation and come up with recommendations that ADC needs to take a look at these lands. She named Mr. Schenk and Mr. Haraguchi to serve on this committee.

Ms. Melton mentioned that the Hackathon/Agathon has been scheduled for January 6th at the Pearl City urban garden center. There will be a project in the morning then in the afternoon talk about challenges that the farmers have and bring the tech community to help solve them. Then the following weekend would be for the tech people to get together to create projects. Sunday afternoon judging will done on all the projects. Judges will be Mr. Enright and hopefully Mr. Nakatani. They have been working for two years. It is free for all to come. There is a website and she passed out a flyer.

Short recess at 10:45 am

K. Report from the Administrative Committee on the performance evaluation of the executive director. The Board may go into Executive Session pursuant to Hawaii Revised Statutes 92-5(a)(2) and (8) in order to consider the evaluation of its employee, and to deliberate on and discuss information that must be kept confident pursuant to state or federal law.

Mr. Enright moved to go into executive session to evaluate the Executive Director's performance; Ms. Klutke seconded the motion; motion carried unanimously.

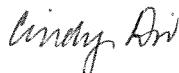
Executive session called at 11:00 am

Out of executive session; Ms. Melton moved to get out of executive session; Mr. Schenk seconded the motion; motion carried unanimously.

Mr. Enright thanked Mr. Nakatani for all his hard work. The board is pleased but more communication is needed. The committee will meet with him then report to the board. Mr. Nakatani said thanked his staff for all their hard work.

Meeting adjourned at 12:09 pm

Respectfully submitted,



Cindy Doi, Secretary