

AGRIBUSINESS DEVELOPMENT CORPORATION
Minutes of the Board of Directors July 25, 2017 meeting
Department of Agriculture Plant Quarantine Conference Room
1849 Auiki Street, Honolulu, Hawaii 96819

Members:

Letitia Uyehara	Lloyd Haraguchi
Leilyn Koev	Denise Albano
Sandra Kato-Klutke	Yukio Kitagawa
Douglas Schenk	Robbie Melton
Jeffrey Pearson, DLNR	

Absent:

Margarita Hopkins	Scott Enright, DOA
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Guests:

Marty Matlock, University of Arkansas	Cynthia Au, Rep. M. Oshiro's
Eric Boles, University of Arkansas	David Cho, Sen. Dela Cruz's
Raheel Ahmad, University of Arkansas	Tina Deitschman, Sen. Dela Cruz's
Michele Cupello, University of Arkansas	
Jonathan Mortinez, University of Arkansas	
CyVan Yamamoto, Kings Hawaiian	
Teresa Dawson, Environmental Hawaii	

Staff:

James Nakatani
Myra Kaichi
Lynn Owan
Ken Nakamoto
Cindy Doi

Counsel:

Andrew Goff, Deputy Attorney General

A. Call to Order.

Chair Uyehara called the meeting to order at 9:05 am.

B. Approval of Minutes from June 21, 2017 meeting.

Ms. Melton corrected page 5, first paragraph, and third line, change "Meals" to "Yields"

Ms. Melton moved to approve as amended; Mr. Pearson seconded the motion; motion carried unanimously.

Chair moved the agenda items taking item D, E, and F before item C.

- D. Approval to negotiate and purchase the fee simple interest in real property located on Oahu owned by Dole Food Company, Inc., identified as Tax Map Key(s) 6-5-01-14; 6-5-01-44 (por); 6-5-05-02 (por); 6-5-04-08; and 6-4-04-06.

Mr. Nakamoto made the presentation to negotiate and purchase the fee simple interest in real property located on Oahu, owned by Dole Food Company. Dole's asking price for the fee simple interest is \$22,981,720 containing approximately 757.96 non-contiguous acres (646.695 farmable acres) and is located north of Whitmore Village and along Kaukonahua Road north of the Galbraith lands. The parcels have access to water and require minimal to standard preparation. This includes land clearing and constructing reservoirs to increase water storage capacity. Recommendation: authorize the executive director and or, a designee to negotiate fee simple interest in real property located on Oahu, owned by Dole Food Company, Inc.

Mr. Schenk moved to approve the recommendation; Mr. Haraguchi seconded the motion.

Motion carried unanimously.

- E. Request for Approval to issue a Revocable Permit to Oceanic Companies, Inc. for a covered parking are in Whitmore, Oahu; Tax Map Key (1) 7-1-02-04 (por).

Mr. Nakamoto made the presentation to issue a revocable permit no. RP16-04 which was to Performance Systems, Inc. (PSI) for temporary space in Whitmore to complete work under a City and County of Honolulu contract at the Uwalu Circle waste water pumping station. On June 26, 2017 the ADC received notification that PSI went out of business and defaulted on all contracts, which includes the City contract for the Uwalu Circle waste water pumping station project and RP No. 16-04. Oceanic Companies was selected to complete the Uwalu Circle waste water pumping station contract due to PSI's bankruptcy. This request is for a portion of Building G which is a vacant 15,400 square foot covered parking shed located within the 257 acre property. Per OCI's proposal, their City contract has a duration of 400 days and plans to utilize the portable office trailer that PSI installed, or a smaller office trailer in the subject area for the duration of the project, which will be removed upon the project's completion. The portable office will be used to house the City inspector, engineer, and OCI project manager/engineer.

Recommendation: approve the issuance of a RP to Oceanic Companies, Inc. in Whitmore, Oahu subject to the following terms and conditions: term of this RP shall be on a month-to-month basis; base rent shall be \$385 per month; permittee shall pay its share of utilities; and no subletting to be permitted without ADC's prior approval in writing.

Mr. Haraguchi moved to approve the recommendation; Ms. Melton seconded the motion.

Motion carried unanimously.

- F. Request for approval to withdraw approximately 200 acres of pasture land under Revocable Permit 7448 issued to William Sanchez in Kalepa Kauai; Tax Map Key (4) 3-09-02-020 (por).

Ms. Owan made the presentation for approval to withdraw approximately 200 acres of pasture land under RP 7448, issued to William Sanchez, in Kalepa, Kauai, Tax Map Key (4) 3-09-02-020 (por). The applicant currently holds two rental agreement with the ADC – a 35-year license, LI-KA1404, effective January 23, 2015 for 235 gross acres and 30-day month-to-month RP 7448 for 619 gross acres. RP 7448 is renewed annually on November 1. Unit A is appraised at a higher value than Unit M because it is well-suited for diversified agriculture, whereas Unit M is pasture land. The applicant requested a 30-day RP instead of a five-year license for Unit A. On August 20, 2013 the board approved the issuance of a 30-day RP for Unit A at \$15/acre/year. Unit A is well-suited for diversified agriculture and the 200-acre withdrawal has the potential for being rented at \$100/acre/year. The difference in rent revenue will be \$17,000 per year. Upon board approval, the applicant is being given three months' notice to relocate his personal property from the withdrawn acreage. The 398 acres will remain in pasture. The applicant is a good tenant both rental accounts are in good standing and a site inspection of Unit A in March 2017 rated the parcel as good. Recommendation: approve to amend the renewal of RP 7448, issued to William Sanchez to withdraw 200 acres, effective November 1, 2017, subject to the following terms and conditions: RP fee shall be \$15/acre/year for the remaining 398 useable acres; all other terms and conditions of RP 7448 to remain the same. Also Mr. Sanchez sent a letter expressing his concern about the removal of 200 acres from RP 7448 which would cause a hardship on himself and other local ranchers.

Mr. Schenk moved to approve the recommendation; Ms. Albano seconded the motion.

Mr. Pearson asked if it was ADC's initiative to remove the 200 acres. Mr. Nakatani replied yes, there are other farmers looking for diversified agriculture lands to farm. Therefore it is a financial situation.

Mr. Schenk asked how many potential farmers are looking for more acres. Mr. Nakatani replied two farmers and they could work with Mr. Sanchez for a portion of acreage to rotate crops. However, it could be a problem with livestock and food safety issues. There are other things we are looking into.

Ms. Klutke asked if we had farmers who has asked for acreage. Ms. Owan replied yes, there are farmers who has expressed interest. Ms. Klutke stated that Mr. Sanchez does take care of the land and he does have a loan from the DOA. There are a few tenants that do not take care of their lands however they pay their monthly rent and on a diversified ag rate and is unfortunate that we are in a situation where we want to take away land from someone who is taking care of the land.

Mr. Haraguchi asked if there are any alternative lands that are close that could make up the 200 acres since Mr. Sanchez said it is very critical to his business. Mr. Nakatani

replied there is no other lands under ADC authorization. There are other farmers or tenants that needs to tighten their operation.

Ms. Klutke did not vote; motion carried.

Short recess called at 9:45 am

C. Presentation by University of Arkansas on Whitmore Project Food Hub Pilot.

Mr. Marty Matlock from the University of Arkansas had everyone introduce themselves from the University of Arkansas.

Mr. Matlock made the presentation on the Whitmore Project Food Hub Pilot.

Chair commented that we need to have good sanitary practices and having a facility that farmers could possibly use so having this presentation moves us in a good direction. These are the kinds of infrastructure and support systems that will be important to make small farmers more successful because on their own it will not work.

Mr. Haraguchi commented that master plans lays out plans but what is the next step. Mr. Matlock replied it goes from master planning to implementation planning which would be in phases. The first phase would be the 75,000 square foot processing facility which would connect the producers with the markets. The 75,000 square foot facility would be a design phase. Then developing the business model, who will be paying for it, what does the investment structure look like, how would the facility pay for its labor, and recovering costs. His assessment would be the private/public partnership which we are doing right now with producers where the organization has a relationship with an organization for profit or not for profit that operates the facility and is responsible for management implementation, market outright and education to bring the pieces together. Mr. Haraguchi stated that as we go through the steps it becomes large dollars. When you get to step 3 you realize that this is not going to work then eventually dies. Mr. Matlock stated that an economic feasibility analysis is needed as part of the implementation plan. His estimate is that it would take 3,500 acres of diversified crops producers to keep phase one operational in full swing. We need to make it work and make a profit or else not start. Also phase one would include the building of the bridge that connects Wahiawa with Whitmore.

Mr. Kitagawa stated that who would oversee this entity worries him because there is no entity to do that. From a practical aspect ADC should not be the entity. It makes sense that the community should oversee it but he doesn't see the community doing it. He would like to see the facility (Phase one) very simple so that we can handle the cost of distribution. He was not optimistic that the farmers would use the facility. Mr. Matlock replied then the farmers would not be able to sell their produce because the food safety modernization act is requiring to follow very strict requirements. We need to communicate to the farmers that this needs to be followed and is good for all farmers. Mr. Kitagawa asked if the plans referred would be on structure then how much cheaper

can this be done. Mr. Matlock replied the cheapest is what they were proposing which is a concrete box with design. He said they propose to design this as cheap as they can but no cheaper and it must solve the problem. Also make it a producer driven initiative. Food safety is demanding to make everything more ridge and is very important in the agricultural industry.

Chair thanked the UOA team for their hard work putting this project together to revitalize agriculture.

G. Executive Director's Report and Updates.

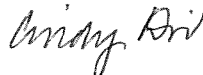
Mr. Nakatani reported on the Galbraith Agricultural lands: Mr. David Wong will be conducting field trials to assist growers rectify soil condition through a practice called the Korean Natural Farming. Natural farming is a self-sufficient system to raise crops and livestock with resources available on the farm rather than applying chemical fertilizers, farmers boost the beneficial microbes that occur naturally in the soil by collecting and culturing them with everyday ingredients such as steamed rice and brown sugar. Field trials will be conducted on a 1-acre plot within Chuan Producers' Lot 10 and plantings are scheduled to begin next month.

Another project is the College of Tropical Agriculture and Human Resources (CTAHR) applied research/extension support projects to educate and assist Galbraith farmers in meeting the objectives of Whitmore project. After CTAHR initial visitation with the Whitmore farmers, they identified the top four priorities for the area to be: cucurbit pest management; diamondback resistance management for crucifer crops; manganese toxicity; and mildew control. He also reported on the program objectives and expected outcomes.

H. Adjourn.

Meeting adjourned at 11:25 am.

Respectfully submitted,



Cindy Doi
secretary