

AGRIBUSINESS DEVELOPMENT CORPORATION
Minutes of the Board of Directors March 6, 2017 meeting
State Capitol Auditorium - 415 South Beretania Street
State Office Tower – 235 South Beretania Street, Room 203
Honolulu, Hawaii 96813

DRAFT

Members:

Letitia Uyehara	Lloyd Haraguchi
Margarita Hopkins	Sandra Kato-Klutke
Leilyn Koev	Denise Albano
Douglas Schenk	Yukio Kitagawa
Jeffrey Pearson, DLNR	Robbie Melton, DBEDT
Phyllis Shimabukuro-Geiser, DOA	

Staff:

James Nakatani
Myra Kaichi
Lynn Owan
Ken Nakamoto
Cindy Doi

Counsel:

Dawn Apuna, Deputy Attorney General

Guests:

Todd Low, HDOA	Mark Takemoto, Pioneer Hi-Bred
Senator Dela Cruz	Dane Wicker, Senator Dela Cruz's office
David Cho, Senator Dela Cruz's office	
Cynthia Au, Rep. Oshiro's office	
Eric Boles, University of Arkansas	
Stephen Luoni, University of Arkansas	
Teresa Dawson, Environment Hawaii	

A. Call to order.

Chairperson Uyehara called the meeting to order at 9:35 am.

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

Senator Dela Cruz and Chair Uyehara welcomed all the attendees and the University of Arkansas presenters Eric Boles and Stephen Luoni.

The University of Arkansas made a power point presentation on the Whitmore Project Food Hub Pilot which they have been working on.

Ms. Melton asked how did they calculated to acquire 175,000 square footage for the hub. The reply was that it is all conceptual and maybe scaled back to meet ADC's needs.

Reconvene the Meeting at 1:05 pm at the State Office Tower, Room 203.

C. Approval of Minutes from the January 25, 2017 meeting.

Mr. Kitagawa moved to approve; Ms. Hopkins seconded the motion; motion carried unanimously.

D. Report of the Findings and Recommendations of the land investigative group.

Mr. Nakamoto made the report from the land investigative committee meeting of February 24, 2017. The committee met to discuss the possibility of utilizing agricultural lands in Whitmore, Oahu for orchard and tree crop production and determined that these types of activities would be ideal due to the land's limitations. The Committee found that on these parcels, orchard and tree crop production has a significant advantage over vegetable crop production in that orchard and tree crop production require minimal to no irrigation and rely mainly on natural rainfall and humidity. Furthermore, would allow ADC to get farmers on the land immediately without making substantial improvements to the property. In view of the lands limitation and the significant advantages that orchard and tree crop production has over other types of agricultural operation on these parcels, the Committee recommends that the Board utilize agricultural lands in Whitmore, Oahu for orchard and tree crop production.

Chair commented that she would like to direct this committee in going forward to look into the feasibility of greenhouse operations in that Whitmore area because we have had a lot of inquiries. She would like to get into some specifics regarding that issue.

E. Approval to amend Pioneer Hi-Bred International, Inc.'s Land License No. LIK0803 to add 102.21 acres in Kekaha, Kauai, Tax Map Key No. (4)1-2-02-001 (por).

Ms. Owan made the presentation to amend Pioneer Hi-Bred's land license to add 102.21 acres in Kekaha, Kauai. Pioneer's new planting plan now calls for an additional 100 acres more or less, and they are considering the possibility of growing other crops.

The recommendation is for approval to amend License No. LI-K0803 to add Fields 113 and 115 effective April 1, 2017 subject to the following terms and conditions: (1) current rent rate is \$150/acre/year, with rent re-opening to occur pursuant to negotiations between the ADC and the KAA Restated and Amended Memorandum of Agreement between the ADC and the KAA dated August 29, 2008; (2) as a member of the KAA pay KAA the current annual maintenance fee; and (3) all other terms and conditions of License LI-K0803 shall remain the same.

Ms. Klutke moved to approve the recommendation; Mr. Kitagawa seconded the motion.

Mark Takemoto was present.

Ms. Albano asked if these were fields that was turned back to ADC. The reply was yes.

Mr. Kitagawa asked what are Pioneer's plans and why are they requesting to take back the acres. Mr. Takemoto replied in that area they plan to plant corn and maybe soy beans. Also at the time when it was returned, Pioneer, which had two operations, the production side had considerable acreage. When it was consolidated, Pioneer was in the process of reorganizing and deciding what to do. They couldn't sit on all those acres so they decided to return a portion and there was uncertainty of the future. But now it is getting a little clearer and they have a good planting program therefore more acres are needed. Right now he does not foresee needing more lands.

Motion carried unanimously.

F. Executive Director's Reports and Updates.

Mr. Nakatani did not have any reports or updates. But will continue with the discussion from this morning on the Whitmore Project Food Hub Pilot presented by the University of Arkansas.

Stephen Luoni and Eric Boles was present to answer any questions.

Mr. Schenk stated there was no project like this one. What do we have to do to get this to work and what are the expectations. Mr. Luoni replied the idea of the food hub would be part of the community. This was the constituent's input of what this is all about.

Mr. Haraguchi asked what is the scope of work for this project. Mr. Luoni replied the delivery of a master plan is what they are striving for. But it does include initial operating budgets of the facilities of what the financial strategies will look like. It's hard because it is a unique facility and they need more back and forth conversation about how the economics will be. Mr. Nakatani replied we need to look at the means of financing and some of the ways to finance this project. We talked about anchor tenants coming in if a good lease would be offered and how would that look like. Also new businesses could pop up and could come and go. We would need to subsidize one end and the other end should be bringing in revenue to reinvest. But the first step is the master plan and what direction do we want to go. Mr. Luoni stated that part of the scope would be a planning document to be reviewed by the Board which will have some rough costs. They are in the early planning stages and would have some deliverables maybe in June.

Mr. Kitagawa asked what they meant about food hub. Mr. Luoni replied that food hub is following USDA's definition and is not a retail component. A food hub operates on a big scale for processing/distribution and packaging but not at the retail level. Some food hubs would include farmer's markets and retails. A food hub is a connection between growers and producers, suppliers and consumers at the wholesale level.

Mr. Kitagawa asked on the housing for the workers. Has there been some discussion with the educational department. Mr. Luoni replied when they were here recently and they talked with the state housing. Senator Dela Cruz replied that DOE was called for feedback and they are investigated and researching on what it would take to establish a curriculum so students

graduating could get their pesticide license so when they are 18 they are qualified. That is one of the curriculum but they would like to see if other licenses or operating abilities so by the time they graduate they are ready. It is in the works but not in the scope.

Ms. Melton asked if there was a timeline of when the building will be built. Mr. Nakatani replied it would be a best guess because there is no clear answer. There are issues that need to be addressed.

Ms. Hopkins commented that UOA's presentation was impressive and she liked that it has not been done before and using the state of Hawaii as an example. She like that other activities within the hub that were included like tourism because we always try to encourage additional income other than farming. Also to tie it within the community is brilliant. She mentioned that most of our farmers are very independent and tried to have them work together but have not been very successful. The future is food safety and focusing on it is good because it would encourage them to work together. She could see this facility as a service orient type that provide to all types of farmers.

Mr. Kitagawa commented that we don't know if we can get the farmers to work together and use these kinds of facilities. There are been many attempts to get the farmers to think that way but doesn't know if we can convince the farmers to use these types of facilities. But we need to do it which this board needs to discuss. He would like to see a bigger picture and decide which stage we will concentrate on. Mr. Luoni replied when they were here last year and met with the committees, it was all noted. Chair commented that the Board would prepare the licenses for these parcels and offer them long term leases and good rates. Mr. Kitagawa stated that if this project is successful with the initial group then more and more island wide would use this facility.

Chair stated if the Board members had any feedback, please make your comments on the last sheet of the handout then email it to UOA.

G. Adjourned.

Mr. Haraguchi moved to adjourn; Mr. Kitagawa seconded to the motion.

Meeting adjourned at 2:00 pm.

Respectfully submitted,



Cindy Doi
secretary