

AGRIBUSINESS DEVELOPMENT CORPORATION

Minutes of the Board of Directors Meeting of February 24, 2016
Department of Agriculture Plant Quarantine Conference Room
1849 Auiki Street, Honolulu, Hawaii 96819

Members:

Letitia Uyehara	Denise Albano
Sandi Kato-Klutke	Yukio Kitagawa
Leilyn Koev	Wayne Thom, DBEDT
Scott Enright, DOA	Jeffrey Pearson, DLNR

Absent:

Lloyd Haraguchi	Margarita Hopkins
Douglas Schenk	

Guests:

Landis Ignacio, KAA	Doug Codiga, KAA/Schlock Ito
Jason Hines, KIUC	Jason Vercelli, Kauai DOFAW
Dawn Huff, KIUC	Linda Rosehill, Rosehill & Associate
Erik Abe, Rep. M. Oshiro's office	
David Cho, Senator Dela Cruz's office	

Staff:

James Nakatani
Ivan Kawamoto
Ken Nakamoto
Lynn Owan
Cindy Doi

Counsel:

Myra Kaichi, Deputy Attorney General

A. Called to order

Chairperson Uyehara called the meeting to order at 9:00 a.m.

B. Approval of minutes from the January 27, 2016 meeting.

Mr. Enright moved to approve; Mr. Pearson seconded the motion; motion carried unanimously.

C. Approval to Amend the Revocable Permit of Davey Tree Expert Company to include office space in Whitmore, Oahu; Tax Map Key (1) 7-1-02-04 (por).

Mr. Nakamoto made the presentation to amend the RP to include office space near their parking space that was approved last month. The recommendation would be that ADC would charge .60 per square feet for an additional \$134.40 per month for the office space plus \$1,500 per month for the parking space for a total monthly fee of \$1,634.40. The term is on a month-to-month basis. No subletting without prior approval of the ADC and permittee may apply for rent credit.

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

Ms. Klutke asked how many vehicles would be using the parking spaces. Mr. Nakamoto replied about 40 to 45 employees would be using the parking spaces. Also equipment will be parked in these spaces.

Motion carried unanimously.

D. Update of Kauai Island Utility Cooperative Pumped Storage Project located at Kekaha, Kauai.

Mr. Nakatani introduced the representatives of the KIUC who were present and will make the presentation. He mentioned that the board members received in their packet a letter of intent that explains the West Kauai integrated energy and irrigation project.

Dawn Huff and Jason Hines made the presentation. They gave a brief update and background on the pumped storage project. The letter of intent was a way to get that kind of working relationship with ADC being non-binding because there are a lot of details to be worked out before getting to binding agreements. But this is a way that they could get some confidence in the KIUC board and that ADC does have an interest in the project and is working with KIUC towards success on the project.

Mr. Thom asked for Kekaha Agriculture Association's (KAA) comments on this project. Mr. Doug Codiga counsel for KAA replied they are supportive in the basic concept and is interested in further dialog and getting further information to evaluate the project and is open to it. The Coop and its members have been looking at similar kinds of projects for some time and so there is a familiarity with a different aspects of the project and technical financial water use, etc. There is a sense that there is a lot of promise and potential to address a range of different issues that impact the Coop and its members. Also as it goes forward they need to think about how to negotiate any binding agreements. In particular whereby they have a Coop that has members that have land licenses which are contractual agreements with ADC. Also the MOA which provides certain rights to the Coop members. They want to be moving forward thinking about how that gets negotiated and if there are modifications to the MOA that would affect the availability of irrigation water, electrical power, etc. And that ADC and KIUC would be with KAA in wanting to insure that those things are protected.

Mr. Kitagawa asked if KAA were a part of this letter of intent. Mr. Codiga replied they were not asked to sign the letter of intent but were provided with a review copy and the

members have been evaluating it. At this time the formal position of the group is that they would like more information before deciding to support or not support but it really is ADC's letter of intent and would defer to ADC. If ADC wishes to go ahead then it is ADC's decision. But in pooling the members, they understand that ADC may wish to do this but there is lack of sufficient information for the potential impact on their interest to support or non-support at this time.

Mr. Kitagawa stated that he was still concern with the Hawaiian groups. How much have they been involved in this letter of intent. Ms. Huff replied that every group that they have been meeting with regarding this project know about the letter and understand the reason behind and that it is non-binding. All the information in the letter has been discussed in great detail with them and have similar documents moving forward with other agencies involved including the Department of Hawaiian Home Lands. The groups have not seen the specific letter but know that a letter was submitted to ADC and are moving forward.

Mr. Kitagawa asked on the timeline. Ms. Huff replied they asked for one year to do due diligence on the existing hydros. They need more time doing that and the two year would be for the studies for the Puu Opae project which is more involved and could be concurrent. They don't need more than a year for the due diligence on the existing hydros. Mr. Thom asked in doing this do they have community meeting informing them on the project. Ms. Huff replied yes. Mr. Thom asked when these community meetings are held, does this board get the results or minutes of these meetings. Ms. Huff replied no minutes were given but each time they come to the board they try to summarize the meetings they had and any comments received at the meetings with ADC and other agencies. They try to schedule open general community meetings when they have met significant landmarks where there are new information to share. When they are in full swing on the permitting process, they would estimate two general community meetings a year but with the agencies and stakeholders probably four times a year. It would depend on where they are in the phase and work being done at the time. At some point during the process, they would be meeting with KAA maybe every month during their monthly board meetings and would phase off every other month depending on the phase.

Mr. Codiga mentioned that in recent discussions with the KAA members there were items that were important consistent to the modifications with those agreements if there are any. Water rights would remain in place sufficient for the members who do the farming. Revenues are critically important for capital improvements that they are responsible for. These are the things that would need to be negotiated in the future. Electrical power is critically important because all of their members use electrical power for irrigation and drainage purposes and are very reliant on supply of low cost electrical power. And basic irrigation water is needed for sufficient rights for irrigation water. How this gets worked out going forward is that they need to look at binding agreements then have discussions. The members do have land licenses agreements in place and also the MOA are starting points in the discussion.

Mr. Pearson mentioned the issue that is before the water commission. They are beginning mediation for the complaint by Earthjustice for amending the interim instream flow standards in the streams and addressing the issue of waste. The mediator is on board and has not set up its first meeting but is planning a site visit to get him more familiar with the area. Mr. Hines stated that the integrated plan is making the water use more efficient so some water can be given back to the stream but still enough for irrigation and farming. KAA and ADC has been working on a bigger vision on pressurized irrigation system and the design of the energy project is compatible so it's the concept of more acres with less water. KIUC is involved with that mediation so all the parties interested are involved.

A 5 minute break was called at 9:30 am.

E. Presentation by Division of Forestry and Wildlife on Mana Plain Wetland Restoration Project, Kekaha, Kauai.

Mr. Jason Vercelli, who is with DLNR on Kauai made the presentation. The DLNR-DOFAW is in the process of restoring wetland habitat within the Mana Plain Forest Reserve. This restoration project is referred to as the Mana Plain Wetland Restoration Project. Habitat restoration will occur on 105 acres immediately north of the existing Kawaele Waterbird Sanctuary. DOFAW will implement habitat restoration actions for the purpose of restoring within the project site boundaries, habitat suitable for the four endemic and endangered Hawaiian waterbirds. The restoration plan also includes re-establishing a variety of native aquatic and terrestrial plants. Restoration efforts within the project area will create approximately 84 acres of wetland habitats, comprises of seven wetland basins ranging in size from 3 to 16 acres. DOFAW hopes that the majority of water needed to restore the wetland basins will be provided by an unused agricultural well. This well historically yielded 550 gpm, roughly double that which is predicted to be needed for the restoration project. DLNR/DOFAW prepared and submitted an Environmental Assessment for this project in November 2013. Funding is available for these efforts provided in part by a National Coastal Wetland Grant. Currently design specifications are being developed, with construction activities expected to commence in the winter of 2016.

Mr. Nakatani commented that ADC gave DOFAW a right of entry to look at the wells.

F. Discussion to issue land leases/licenses to farmers for agricultural purposes in Wahiawa, Oahu, Tax map Key (1) 7-1-001-002.

Mr. Kawamoto made the presentation on issuing land leases/license to farmers for agricultural purposes at the Galbraith lands. The terms and length of the lease/license has not been determined. Recommendations: base rental rates for year 1-3 \$200 per acre per year; year 4-5 \$350-400 per acre per year; 6-10 \$450-500 per acre per year. The annual rental could be re-opened the 10th year of the term. No subletting to be permitted without ADC's prior approval in writing. The licensee shall be responsible for paying for the following: irrigation costs; water meter, riser and concrete pad with installation costs as

well as installing at their cost, a drip irrigation system for their operations. A monthly security cost will be the responsibility of the licensee. There will also be miscellaneous costs for portable toilet and washing station to be shared with the farmers.

Mr. Enright asked what would be the timeline for farmers to get on the land. Mr. Kawamoto replied may be end of May or June or early summer. Water system is in but there is a need for the distribution system. Chair asked that food safety needs to be included in this document and should give the farmers some time to be in compliant with a timeline.

Chair stated another issue that needs clarification of whether leases or licenses would be issued. There was some discussion therefore it needs more clarification. Mr. Enright recommended to appoint an ad hoc committee on this issue of lease or license. Chair appointed: Mr. Enright and herself.

G. Executive Director's Reports and Updates.

1. Waiahole Water System, Oahu
2. Legislative Report

Mr. Nakatani reported on:

Waiahole Water System – The rehabilitation of the steel siphons are making good progress. Some of the siphons are completed and are working on the last siphon.

Legislative bills – A list of some of the bills that ADC supported were in the report.

H. Adjourn.

Mr. Kitagawa moved to adjourn; Ms. Albano seconded; motion carried unanimously.

Meeting adjourned at 10:15 am.

Respectfully submitted,



Cindy Doi
secretary