

AGRIBUSINESS DEVELOPMENT CORPORATION
Minutes of the Board of Directors June 21, 2017 meeting
Department of Agriculture Plant Quarantine Conference Room
1849 Auiki Street, Honolulu, Hawaii 96819

DRAFT

Members:

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

Absent:

Margarita Hopkins	Robbie Melton, DBEDT
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Staff:

Counsel:

James Nakatani	Andrew Goff, Deputy Attorney General
Myra Kaichi	
Lynn Owan	
Ken Nakamoto	
Cindy Doi	

Guests:

Brandon Askew, WEDG	Miles Nishijima, OHA
Brutus LaBenz, OHA	Cynthia Au, Rep. Oshiro's office
'Olu Campbell, OHA	

A. Call to Order.

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

B. Approval of Minutes from the March 6, 2017 meeting

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

C. Presentation of the Office of Hawaiian Affairs' Kukaniloko Master Plan.

Mr. 'Olu Campbell, OHA Land specialist, made a powerpoint presentation on their master plan. He gave an update being an ADC neighboring landowner of their activities in Wahiawa which surrounds Kukaniloko birthing stone site. This parcel was purchased primarily to protect the Kukaniloko birthing stone from incompatible development around the site. Also explore compatible agriculture and contribute to food security. He mentioned that OHA is working on an MOA with ADC on the proposed water line going through OHA's property. They are also

working on the R1 project with the different water options for the pipes from the Wahiawa Waste Water Treatment Plant. They need to take this to their OHA Board. Currently they have an action item with they're corporate counsel that will go before their board. Hopefully in the next couple of months their administration would approve to proceed some kind of easement agreement so they can facilitate ADC's project to go through OHA's property.

Mr. Kitagawa asked on the year 2018 that was mentioned. Mr. Campbell replied 2018 would be the date that they would have a draft of their master plan. It was started end of last year and began planning the beginning of this year. It will take another year to a year and a half to get the plan drafted.

Mr. Enright asked on the timeline of ADC's pipeline. Mr. Nakatani replied hopefully by the end of this year we would decide the route we would be taking. Probably the final decision would be in a year or sooner. We still need to wait for our master plan.

Mr. Enright asked OHA if they would have a decision on the proposed pipeline route within the year. Mr. Campbell replied if it goes to the OHA Board within the next two months and they make a decision for the administration to proceed negotiating an agreement with ADC then it should be within the year.

Mr. Enright asked Mr. Nishijima what kind of support they are looking for from the board. Mr. Nishijima replied the activities on their lands will be dictated by the availability of water. If they can approach it in an appropriate manner that would be the best thing for the board. The entire region is challenged with the idea of increasing food production and if they can work together to solve that but without it is a major challenge.

There has been a lot of impatience with the speed that OHA has been progressed to date. They ask for people's patience and understanding.

Mr. Kitagawa stated that he hoped that OHA would have a committee to look at the agricultural aspect of the lands. The infrastructure issue is straightforward but when it comes to management on the cultivation of crops, he hoped that they would get inputs from committees like UH because of the complications that are involved in production of crops and marketing of those crops. When we are talking of crop production we are coming from a standpoint that these crops could be grown fairly easily but when it comes to the care of the crop, the kinds of inputs that need to be put in and marketing of these crops, it becomes very important because we are not only dealing with DOA but USDA and DOH. He stressed for OHA to include others who are involved with agriculture.

Chair commented on the ag issues, food safety and water options. Mr. Campbell replied that their agricultural contractor has been looking at water options and processing water requirements for new crops. They have been consulted in their agricultural infrastructure plan with people from UH as well as farmers from commercial to small scale operations.

Mr. Enright asked again on the support of OHA. Mr. Nishijima replied that they will get back to ADC with the answer of the support once they get the direction of the OHA Board.

Short recess was called at 9:45 am

D. Request for Approval to Issue a Revocable Permit to Andros Engineering Corporation for office space in Whitmore, Oahu, Tax Map Key (1) 7-1-02-04 (por).

Mr. Nakamoto made the presentation to issue a revocable permit to Andros Engineering Corporation (AEC) for office space of 132.25 square feet in Whitmore. AEC requests to rent office space located in Building E previously housed the Dole Wahiawa Federal Credit Union. The recommendation is to approve the issuance of a revocable permit to Andros Engineering Corporation in Whitmore, Oahu subject to the following terms and conditions: (1) term of this RP shall be on a month-to-month basis; base rent shall be \$79.35 per month; permittee shall pay its share of utilities; no subletting to be permitted without ADC's prior approval in writing.

Mr. Enright moved to approve the request; Ms. Klutke seconded the motion.

Motion carried unanimously.

E. Request for Approval to issue a License to Whitmore Economic Development Group "WEDG" for office space in Whitmore, Oahu; Tax Map Key (1)7-1-02-04 (por).

Mr. Nakamoto made the presentation to issue a license to the Whitmore Economic Development Group for office space of 1,720 square feet in Whitmore. The WEDG is proposing to develop and agricultural incubator aptly named the Pineapple Crate (PC). This office space would be used by farmers and businesses can access valuable resources including but not limited to: (1) shared office space equipped with computers, printer/scanner/copier, wi-fi, etc; (2) grant writing services; (3) technical training; and business development. The WEDG received an award of \$55,000 from the Hawaii State Legislature Capital Improvement Project Grant-in-Aid (CIP-GIA) program through the High-Tech Development Corporation to facilitate renovation of an existing office facility. When WEDG applied for the grant, it contemplated using ADC property as its office. The CIP-GIA also states that WEDG will make a request to ADC to pay a portion of the cost for roof repairs.

The ADC received a proposal from WEDG to lease a portion of Building E to implement their CIP-GIA. The approximately 1,720 square feet space is in fair to poor condition. This portion of Building E is currently vacant and consist of 5 offices, 1 conference room, 1 common room, 1 storage room, and separate men's and women's restrooms, which WEDG plans to improve using the CIP-GIA funds. WEDG will not sublet any space, it will charge appropriate access/membership fees as well as educational and relevant informational fees to raise funds for the organization. The WEDG staff will operate and manage the office space and will be responsible for the meeting rooms, member working areas, breakroom, clean-up, lights and security system. WEDG's long term vision is to establish the Pineapple Crate as a pilot which will develop and grow into an Agricultural Innovation Center within ADC's master plan area. The recommendation is to approve the issuance of a License to the WEDG for office space AS IS, WHERE IS in Whitmore, Oahu subject to the following terms and conditions: (1) term of this License shall be for 3 years with a 2-year extension option; (2) base rent shall be \$430 per month; (3) Licensee shall install its own utility meters and pay its share of utilities; (4) no subletting to be permitted without ADC's prior approval in writing.

Mr. Enright moved to approve the recommendations; Mr. Schenk seconded the motion.

Mr. Braden Askew a board member of WEDG and leading the project for the Pineapple Crate was present to answer any questions.

Mr. Schenk stated that he liked the concept however it may take some time to get some traction. How deep are their pockets and how long will they stay in to get to where they need to go. Mr. Askew replied they are applying for a second grant and they will be using the first grant as a matching for grant specifically for the Pineapple Crate. Also the Office of Resource Development has been awarded their grant through Uluono which is how they are able to come into Pineapple Crate as a founding member and pay membership. Membership and fees will help with the cash flow. Currently they are projecting an 18 month break even so it is not an easy road ahead.

Mr. Schenk asked what kind of traffic are they expecting and is there adequate parking. Also if they would need any special liability insurance policy. Mr. Askew replied they would get the aggregate policy for their organization. As far as traffic, there could be about 15-20 people at the time and will not be asking for more parking at this time.

Chair asked on staffing at WEDG. Mr. Askew replied their office of resource development which is another program under their non-profit's main focus is to have office space at Pineapple Crate with two staff members and he will spend half of his time. Services could be provided by contract and may bring in a specialist for a seminar or give business advice. Some examples of services may be grant writing, helping a farmer with research or technology services.

Mr. Haraguchi asked if Mr. Askew was part of the board or staff. Mr. Askew replied currently he is on the board but once Pineapple Crate is fully established and have access to the facility he will shift his roll from a board member to director. Currently WEDG meets once a month at the Wahiawa Community Based Business Organization's office which allows them the use the space.

Ms. Koev stated from a small farmer point of view it is very different because farmers will come together at the office but most farmers do not like to get together. She commented that they would offer meeting space but small farmers meet out in the fields. Most of the big farmers have their own facilities. How would they get the small farmers to come and work together? Mr. Askew replied they want to get to the small farmers which means going out to meet them but want to offer a program where they might bring farmers in to learn about different technologies. In order to support this activity to bridge the gap of technology and agriculture they need to generate revenue and one way is to offer membership with rooms and desks and computers which they feel this would bring farmers in. Ms. Koev stated that small farmers do not have the time or staffing to branch out and become a more technology based farm. Mr. Askew replied there could be ways for a small farmers to possibly learn to integrate technology into the farms. Ms. Koev suggested that farmers may work together on food safety service.

Ms. Klutke asked if their hours are conducive to helping the farmers. Mr. Askew replied they would work maybe 7:00 to 5:00 Monday through Friday and stay within Dole's operation. But will change the hours if needed. Ms. Klutke said if they want to work with farmers, they need to change their hours because farmers work out in the fields and could not come to use the facilities at regular business hours. Mr. Nakamoto stated that ADC had a concern because it becomes a security issue if the facilities are opened late at night and with closing of gates.

Ms. Albano asked whether WEDG identified who would be the providers with these services. Mr. Askew replied the main partner would be the Office of Resource Development, Pineapple Crate and Smart Meals which is a data acquisition company. Also will be going out into the community to look for more sponsors to serve that role who has that vested interest in agriculture.

Mr. Haraguchi said marketing aspects, food safety services and selling would help small farmers. Chair said farmers would come to use the facilities if services could be offered like food safety, grant writing, etc. More needs to be offered to the farmer to come out to use the facilities. As that grows and appreciation for what WEDG can offer then farmers could have a facility to go to and may be talk with other farmers.

Mr. Enright commented that this board made a lot of comments and asked a lot of questions, he supports this organization and asked that they come in to talk to him to see how he can help.

Mr. Enright asked why ADC was giving WEDG a three year license versus what we just approved a revocable permit to Andros because these are adjacent buildings. Mr. Nakamoto replied we are three years out of our master plan and anything within that period would be short enough. WEDG did request three years.

Mt. Haraguchi had concerns of WEDG being undercapitalized which could pose problems for them. Hopefully the grants will happen because operational expenses are very critical. Mr. Askew replied his first few months have been and will continue to be on a volunteer basis until they have enough revenue stream to bring him on as a full time staff. Also through membership cost that could be offset with volunteer time.

Motion carried unanimously.

Short recess at 10:35 am

- F. Request for approval to issue a sub-license from Beck's Superior Hybrid to Hawaii Labor Solutions, Inc. for a portion of Field 123, Kekaha, Kauai, Tax Map Key No. (4) 1-2-02-001 (por).

Ms. Klutke disclosed that does not work for Hawaii Labor Solutions but she is a consultant for Global Ag. Services which has Hawaii Labor Solutions.

Ms. Owan made the presentation to issue a sub-license from Beck's Superior Hybrids to Hawaii Labor Solutions, Inc. for a portion of Field 123 of 13.25 acres, Kekaha, Kauai. The intent of Beck's Superior Hybrid and Hawaii Labor Solutions that the sublicense be for a 3-year term, commencing on July 1, 2017 and terminating on June 30, 2020. The annual rent would be \$150 an acre a year for 13.25 acres plus (1) pro-rata of Kekaha Agriculture Association current fees and (2) applicable taxes. Hawaii Labor Solutions is a business of providing contract labor, whose principal officer is Wallace Johnson who farmed in Kekaha since the closure of the Kekaha Sugar Company. He was the president and chief executive officer of Far West Ag, Inc. who was one of ADC's first Kekaha land licensees. Far West subsequently merged with BASF. BASF planted mango trees on the 13.25 acres in Field 123 over ten years ago and Becks is not

interested in maintaining the trees. A determination on whether to continue the orchard can be made at the end of three years.

The recommendation is to approve the issuance a sub-license from Beck's Superior Hybrids, Inc. to Hawaii Labor Solutions, Inc. subject to the terms and conditions of License LI-K0801 and the following: (1) term of this sub-license shall be for three years; annual rent shall be the same as Beck's at \$150/acre/year, or \$1,987.50 per year, \$165.63 per month; HLS shall pay its pro-rata of the current Kekaha Agriculture Association fees to Becks; HLS shall pay its share of State and County taxes to Becks; HLS shall not sub-license the whole or any portion of its premises without the prior written approval of the ADC Board.

Mr. Enright moved to approve the recommendations; Mr. Kitagawa seconded the motion.

Mr. Schenk asked if Becks is still in operation. Ms. Owan replied yes.

Motion carried unanimously.

G. Executive Director Reports and Updates

1. Kalepa
2. Legislative report

Mr. Nakatani reported that Taiwan Gu has ramped up his production in Kalepa and he anticipates he will have 55 of the 68 usable acres of farmland in production by the end of July 2017. Mr. Gu has requested for more lands so that may come up at a future meeting. Ms. Klutke commented that Mr. Gu is the most productive farmer in Kalepa.

Mr. Nakatani reviewed the legislative report for ADC's Capital Improvement Project for FY 18-19 and FY Capital Improvement Projects for Grant-in-Aid.

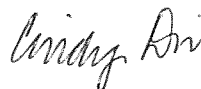
Chair appointed an ad hoc committee to look into the job performance of the ADC Executive Director. She appointed Mr. Enright and Mr. Kitagawa to the committee.

Mr. Nakatani said in Galbraith we are having a problem with pest control. Because there is a lot of melon crops being grown, fruit flies are a problem. He asked Mr. Enright and the University of Hawaii for help to work on the pesticide program.

Chair said she was on Maui recently and she reported that Jeff Hanes' lettuce is having a pest problem. Mr. Schenk said on Maui there is an infestation with aphids and snails.

Adjourned at 10:55 am.

Respectfully submitted,



Cindy Doi
secretary