

AGRIBUSINESS DEVELOPMENT CORPORATION

Minutes of the Board of Directors meeting of October 28, 2015
Department of Agriculture Animal Industry Conference Room
99-941 Halawa Valley Street, Aiea, Hawaii 96701

Members:

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

Guests:

Phyllis Shimabukuro-Geiser, DOA

Staff:

James Nakatani
Ivan Kawamoto
Ken Nakamoto
Lynn Owan
Cindy Doi

Counsel:

Myra Kaichi, Deputy Attorney General

A. Call to Order.

Chairperson Uyehara called the meeting to order at 9:04 am

Chair welcomed Leilyn Koev from Kawamata Farms as the newest board member. Also welcomed Jeffrey Pearson representing DLNR.

B. Approval of minutes from the August 19, 2015 meeting.

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

C. Approval to issue a license to William H. Wise III, dba Waihii Farms for land and improvements located at Whitmore, Oahu, a portion of Tax Map Key 7-1-02-04.

Mr. Nakamoto made the presentation. Approval is being requested to issue a license to William H. Wise III dba Waihii Farms for land and improvements located at Whitmore, Oahu. Mr. Wise has been leasing 16 acres of land from Dole Food Company for an ornamental floriculture nursery operation. ADC approved the issuance of a revocable permit to the Permittee to occupy the subject area and carry over the current terms and conditions while negotiations for a long-term agreement. Permittee plans to continue his ornamental flower operation. Also plans to intercrop 4 acres of avocado trees. The trees

will reach maturity after 5 years and plans to plant an acre of trees every year. The recommendation is to approve the issuance of a 35-year license to William H. Wise III, dba Waihii Farms in Whitmore Oahu subject to the following terms and conditions: 1) term of this license shall be for 35 years; 2) base rent shall be \$950 per month based on \$250/acre/year for the 12 acres of usable land and \$600 for the residential unit; 3) rental rate shall re-open on the 10th, 20th, and 30th years; and 4) no subletting to be permitted without ADC's prior approval in writing.

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

Mr. Enright said they would always have an option to extend. Also asked whether the state would be liable if Mr. Wise builds on the flood plains. Ms. Kaichi replied that if the tenant puts an improvement then there is permit liability but until the lease is over it is the tenant's improvement. When the lease expires it reverts back to the land owner so if the flood occurs within 35 years or before the termination of the lease then it is the tenant's problem. If ADC takes over, it is our problem. Ms. Kaichi stated that as far as the 35 year option to extend, Mr. Enright is probably thinking of public lands. Lands in the hands of ADC under 171, ADC does not have that kind of structure. So if we don't include the option to extend, the tenant will not have it. If ADC wants the tenant to have the option then we should include it. Mr. Kitagawa commented that the flooding issue would depend on the reservoir. If the volume of water is too high and the gate is not opened to protect Haleiwa then it is going to flood. Mr. Nakatani stated that because the Lake Wilson is kept low and with all this rain, 15 million gallons of water a day was being dumped. The reservoir is far up so it might be hard to flood.

Ms. Hopkins asked if the tenant wanted to leave before his lease expires. Mr. Nakamoto replied the tenant would have to clean up the land before they leave.

Motion carried unanimously.

D. Approval to issue a license to Helemano Farms for land located at Whitmore, Oahu, a portion of Tax Map Key 7-1-02-04.

Mr. Nakamoto made the presentation. Approval is being requested to issue a license to Helemano Farms for land located at Whitmore. Permittee have been leasing 10.33 acres of land and improvements from Dole Food Company for diversified agriculture production, a plant nursery and storage facility. An agreement between Dole and the Permittee to increase the acreage of the area from 10 acres to 30 acres was made prior to the ADC acquisition of Parcel 04. Although both parties agreed to the new terms, Parcel 04 was sold to a third party, before the agreement could be finalized. The ADC approved the issuance of a revocable permit to the Permittee to carry over the prior agreement between Dole and the Permittee while negotiation for a long-term agreement continues. Permittee plans to expand his tree growing operation on the 30 acre area. The vacant land will be cleared and prepped for agriculture use. The variety of trees being grown takes three to five years to reach the market. The Permittee will utilize two concrete slabs to build a sales office and plant nursery. Currently the land has no infrastructure but plans to begin construction on the facilities in 2018. Upon approval of the plans, the ADC will re-open negotiations for the lease rent and amend the land license accordingly.

Mr. Nakamoto mentioned that the RP that was given to Helemano earlier was for two areas. However this license is only for the production area. Another lease would be done for Helemano's building area

another property because it is on our master plan area and will not be doing a long term license in that area.

The recommendation is approve the issuance of a license to Helemano Farms, LLC subject to the following terms and conditions: 1) term of the license for the 30-acre production area shall be for 35 years; 2) base rent shall be an annual fee of \$3,000 per year based on \$100 per acre; 3) base rent for the are shall be set forth as follows: year 1-10 annual fee of \$100 per acre; year 11-20 annual fee of \$150 per acre; year 21-35 annual fee of \$200 per acre; reopen negotiations upon approval of the plans for the sales office and plant nursery, and after the 15th and 25th year; 4) rent credits for years 1-5 of the 35 year license may be authorized/applied with the ADC's prior approval; 5) no subletting to be permitted without ADC's prior approval in writing.

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

Mr. Schenk asked if the tenant has a water meter. Mr. Nakamoto replied there is no water meter on the property. The tenant either brings in a water truck or taps a water meter for city water by filling in his truck at Dole.

Ms. Hopkins asked to explain on the years that was mentioned for the annual fee increases. Mr. Nakatani replied there was no reason why the rates were increased but it is fair being that it is a tree farm. They are doing a lot of work and making good use of the land.

Motion carried unanimously.

- E. Approve withdrawal of prior board approval given on August 27, 2014 of a Kalepa land license to Green Energy Team LLC for HSPA #2, located at Kalepa, Kauai, Tax Map Key (4)3-9-02-20 (por).

Ms. Owan made the presentation. Approval to withdraw of prior board approval was given on August 27, 2014 of a Kalepa land license to Green Energy Team LLC (GET) for HSPA #2, located at Kalepa, Kauai Tax Map Key (4)3-9-02-20 (por) is being requested. Green Energy Team decided that this was not a good location for their workshop because it is on the main road and for security purposes they wanted to be further in and away from public view. A letter was received from GET informing the ADC that they had decided to build their workshop/hangar in a portion of Unit GE(e) for security and logistical reasons. The recommendation is to approve the withdraw of ADC Board approval given on August 27, 2014 to issue a 35 year license to Green Energy Team for two acres at HSPA #2.

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

Motion carried unanimously.

- F. After the fact approval to amend License LI-K1102 issued to Green Energy Team LLC, to reflect changing the use of 1.5 acres of unit GE(e), Tax Map Key(4)3-9-02-01 (port) from biomass crop cultivation to constructing and utilizing a workshop/hangar.

Ms. Owan made the presentation. Approval is being requested for an after the fact amendment to License LI-K1102 issued to Green Energy Team to reflect changing the use of 1.5 acres of Unit GE(e) from biomass crop cultivation to constructing and utilizing a workshop/hangar. Construction has started on the workshop. On September 29, 2015 the ADC received a letter from Green Energy informing the ADC that there was a miscommunication and that they had decided to build their workshop/hangar on a portion of Unit GE(e) for security and logistical reasons. Including parking and equipment storage space, the building site footprint is approximately 1.5 acres. The recommendation is to approve amending Green Energy Team's License No. LI-K1102 to reduce biomass crop cultivation use in Unit GE(e) by 1.5 acres and to add 1.5 acres of construction and utilization of a workshop/hangar in Unit GE(e) with the following terms and conditions: 1) Licensee shall submit a revised Land Utilization Plan; 2) Reduce the acreage of biomass crop cultivation by 1.5 acres, from 955 to 953.5 acres at the current rate of \$20/acre/year; add 1.5 acres of workshop/hangar use at a rate of \$600/acre/year; 3) Rent re-opening of workshop/hangar in Unit GE(e); increase at 2.5% every five years; 4) Licensee shall not sublicense the whole or an portion of their premises without the prior written approval of the ADC Board.

Mr. Enright moved to approve the recommendations; Ms. Klutke moved the motion.

Chair asked on the term of the remainder of the license. Mr. Nakatani replied that was the first lease that Green Energy received from DLNR that carried over and that is the difference of the term.

Motion carried unanimously.

G. Approval to issue a Land License to the Wahiawa Community Based Development Organization (WCBDO), for agricultural purposes, Whitmore, Oahu; Tax Map Key (1)7-1-002-009.

Mr. Kitagawa said that he is an officer and a member of the WCBDO Board. Ms. Kaichi said it does not pose a conflict with the Ethics Commission and as long as he does not vote he should be okay.

Mr. Kawamoto made the presentation. This is for the approval to issue a two year land license to the WCBDO for agricultural purposes, Whitmore, Oahu; Tax Map Key (1) 7-1-002-009. ADC received a request from the WCBDO for 2 acres of farmland in the Whitmore/Wahiawa area. WCBDO received a city grant in aid to train new farmers from low to moderate income population and a notice to proceed from the City & County of Honolulu was recently issued. The grant seeks to promote agriculture as a viable economic activity for Central Oahu residents to provide essential skills necessary for new farmers to succeed. ADC would provide a 2 acre parcel located behind the small nursery green houses where the University of Hawaii conducted experimental field trails on the benefits of cover crops. The parcel has been abandoned for last few years and recently cleared of Albizia trees. Also the parcel is flat and has access to potable water on the 257 acre and tucked into the back of the property. It is not included in the near future development plans. Staff recommends the approval of the issuance of a land license to WCBDO in Whitmore, Oahu subject to the following terms and conditions: 1) Term of this land license shall be for two years; and 2) base rent will be \$100 an acre per year or \$200 a year for 2 acres.

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

Mr. Kitagawa gave a short history of the organization. This organization was created in 2009 to identify, develop and implement economic development programs for resident of the Wahiawa Neighborhood Revitalization Strategic Area. This organization has recently become active because the officers are young and energetic and want to participate in the community. They approached the community to see what their needs were. Homeless was the number one concern, elderly care was the second and the third was agriculture. They wanted to see whether agricultural programs could be started. One of the programs that ADC helped start was the farmer training program for the farmers who will soon be on the Galbraith lands. They felt that training young new farmers was one of the programs they would like to start in the Whitmore area.

Ms. Albano asked whether farm stands are allowed on the ADC lands. Mr. Nakatani replied not at this point however it does need discussion. Mr. Enright stated that it probably not allowed because of a liability issue whereby the public coming onto the property.

Motion carried unanimously.

- H. 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. This is for the approval to renew Revocable Permit No. 7299 for Senter Petroleum, in Kekaha, Kauai, Tax Map Key (4) 1-2-02-01 (por). Senter Petroleum is one of two RPs that were not converted into long term licenses. The rent space is for .50 acres of land under and immediately around above ground storage tanks that are used for petroleum storage, sales and distribution, plus access to the site for Kekaha Road. They are 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 disposal, if necessary, prior to termination of the RP. Staff recommends the approval to renew RP 7299 to Senter Petroleum effective January 1, 2016, at the monthly rent of \$1,125, on a month-to-month basis, the term not to exceed December 31, 2016, unless otherwise extended by ADC.

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

Mr. Haraguchi asked if there are periodic checks by someone or is it up to the tenant to look after the situation as far as any contamination. Ms. Owan replied staff has gone to the site to look at the property however it is not a regular inspection. Mr. Nakatani stated inspections will be looked into.

Motion carried unanimously.

- I. 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. This is for the approval to renew Revocable Permit No. 7004 for Gary Smith in Kekaha, Kauai, Tax Map Key (4) 1-2-02-01 (por). The Permittee uses the 2,780 square foot land for gardening and the location of the plot does not qualify for a long-term license. Staff recommends the approval of the renewal of RP 7004 to Gary Smith effective January 1, 2016, at the

monthly rent of \$13.00 on a month-to-month basis, the term not to exceed December 31, 2016, unless otherwise extended by ADC.

Mr. Enright moved to approve the recommendation; Ms. Klutke seconded the motion; motion carried unanimously.

A short recess was called at 10:00 am

J. Executive Director's Reports and Updates:

1. Kalepa, Kauai
2. Waiahole Water System
3. Galbraith Agricultural Land
4. Capital Improvement Projects

Mr. Nakatani reported on Kalepa. Annual parcel inspections were conducted in August and will be completed by the end of October. Green Energy has improved the common element road by widening it and removing the over growth on the road side. There are a few tenants that are behind in implementing their utilization plans and in the maintenance of their parcels.

Waiahole Water System – Contractors began work to replace four metal steel siphons with new high density polyethylene pipes.

Galbraith Agricultural Lands – The irrigation system stand pipe repairs were completed on September 25, 2015. Six standpipes were repaired and water can be supplied throughout the 1723 acres of Galbraith parcel. The next phase will be providing irrigation to the small famer plots.

Capital Improvement Projects - ADC's CIP budget request to DOA for Galbraith Irrigation System is \$15 million to construct a 10 MG reservoir, design and construct a pipeline from Lake Wilson to the new 10 MG reservoir, and construct a 3 MG reservoir. A detailed break-down for Galbraith Irrigation system was given to the Board members.

Mr. Enright asked about the Kauai landfill. Mr. Nakatani gave a short history of the Kauai landfill. The County of Kauai was looking into relocating their landfill and have looked at many sites. They finally settled with the present site which is on the mountainside. We do have an MOU with the County which still stands. He believes that the site is still in Kalepa. More details can be given at the next meeting.

Next meeting could possibly be December 9th. Please check your calendars. Cindy will send out an email.

Meeting adjourned at 10:25 am

Respectfully submitted,



Cindy Doi
Secretary