

DAVID Y. IGE
Governor

JOSH GREEN
Lt. Governor



JAMES J. NAKATANI
Executive Director

STATE OF HAWAII
AGRIBUSINESS DEVELOPMENT CORPORATION

235 S. Beretania Street, Room 205
Honolulu, HI 96813
Phone: (808) 586-0186 Fax: (808) 586-0189

Meeting of the Board of Directors

Held via Teleconference

February 16, 2022
9:00 a.m.

Considering the evolving COVID-19 situation, protecting the health and welfare of the community is of utmost concern. As such, the meeting will be held remotely, with Board members, Staff, and Applicants participating via online meeting venue as permitted by the Governor's "Emergency Proclamation Related to COVID-19 (Omicron Variant)" dated January 26, 2022.

Interested persons can submit written testimony in advance of the meeting, which will be distributed to Board members prior to the meeting. We request that testimony be submitted not later than 72 hours prior to the meeting to ensure time for Board members to review it. Written testimony may be submitted electronically to hdoa.adc@hawaii.gov, or sent via U.S. Postal Service to: Agribusiness Development Corporation, 235 S Beretania St Rm 205, Honolulu HI 96813.

When testifying in-person, via Internet, or telephone access, you will be asked to identify yourself and the organization you represent, if any. Each testifier will be limited to two (2) minutes of testimony per agenda item.

The public can participate in the meeting using one of the following options:

Video/audio livestream: <https://zoom.us/j/96554746393>

Or, via telephone: (669) 900-6833, Web ID: 965 5474 6393

INTERNET ACCESS:

To view the meeting and provide live oral testimony, please use the link at the top of the agenda. You will be asked to enter your name. The Board requests that you enter your full name, but you may use a pseudonym or other identifier if you wish to remain anonymous. You will also be asked for an email address. You may fill in this field with any entry in an email format, e.g., *****@***mail.com.

Your microphone will be automatically muted. When the Chairperson asks for public testimony, you may click the Raise Hand button found on your Zoom screen to indicate that you wish to testify about that agenda item. The Chairperson will individually enable each testifier to unmute their microphone. When recognized by the Chairperson, please unmute your microphone before speaking and mute your microphone after you finish speaking.

For both Internet, phone, and in-person access, when testifying, you will be asked to identify yourself and the organization, if any, that you represent. Each testifier will be limited to two minutes of testimony per agenda item.

PHONE ACCESS:

If you cannot get Internet access, you may get audio-only access by calling the Zoom Phone Number listed at the top on the agenda.

Upon dialing the number, you will be prompted to enter the Meeting ID which is also listed at the top of the agenda. After entering the Meeting ID, you will be asked to either enter your panelist number or wait to be admitted into the meeting. You will not have a panelist number. Please wait until you are admitted into the meeting.

When the Chairperson asks for public testimony, you may indicate you want to testify by entering "#" and then "9" on your phone's keypad. After entering "#" and then "9", a voice prompt will let you know that the host of the meeting has been notified. When recognized by the Chairperson, you may unmute yourself by pressing "#" and then "6" on your phone. A

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voice prompt will let you know that you are unmuted. Once you are finished speaking, please enter “#” and then “6” again to mute yourself.

For both Internet, phone, and in-person access, when testifying, you will be asked to identify yourself and the organization, if any, that you represent. Each testifier will be limited to two minutes of testimony per agenda item.

Instructions to attend State of Hawaii virtual board meetings may be found online at <https://cca.hawaii.gov/pvl/files/2020/08/State-of-Hawaii-Virtual-Board-Attendee-Instructions.pdf>.

LOSS OF CONNECTIVITY

In the event of a loss of Internet connectivity, the meeting will be recessed for a period not to exceed thirty (30) minutes to restore connectivity with all board members and the public In-Person Access noted above. In the event audio connectivity is re-established within 30 minutes without video connectivity, interested participants can access the meeting via the telephone number and Meeting ID number first noted above.

In the further event that connectivity is unable to be restored within 30 minutes, the meeting will be automatically continued to a date and time to be posted on the ADC website at <https://hdoa.hawaii.gov/adc/> no later than close of business the next business day. New video/audio livestream, telephone, and web identification information will also be posted on the website no less than twenty-four (24) hours prior to the continued meeting date. Alternatively, if a decision is made to terminate the meeting, the termination will be posted on the ADC website.

[agenda begins on the following page]

AGENDA

A. Call to Order

B. Roll Call

C. Approval of Minutes

1. None

D. New Business

1. Request for Approval to Conditionally Rescind Tenant Approval to Rey Pin for 6.023 Acres of Lot 3 at Galbraith Small Farmer Lots in Wahiawa, Oahu, Tax Map Key (1) 7-1-001-002 (por)
2. Request for Approval for Pioneer Hi-Bred International, Inc. Under General Lease No. S-4741 to Install Photovoltaic Panels on Certain Structures in Kekaha, Kauai, Tax Map Key (4) 1-2-002:042
3. Request for Approval for Pioneer Hi-Bred International, Inc. Under License Agreement No. LI-K0803 to Construct a Critical Equipment Storage Building in Kekaha, Kauai, Tax Map Key (4) 1-2-002:001 (por)
4. Request for Approval to Renew Revocable Permit No. S-7299 Issued to Senter Petroleum for 0.5 Acres, More or Less, in Kekaha, Kauai, Tax Map Key (4) 1-2-002:001 (por)
5. Request for Approval to Renew Revocable Permit No. S-7004 Issued to Gary Smith for 2,780 Square Feet, More or Less, in Kekaha, Kauai, Tax Map Key (4) 1-2-002:001 (por)
6. Request for Approval to Renew Revocable Permit No. RP16-02 Issued to Andros Engineering for 8,800 Square Feet (Building F) of Covered Warehouse Space in Whitmore, Oahu, Tax Map Key (1) 7-1-002:004 (por)
7. Request for Approval to Renew Revocable Permit No. RP-PU-2101 Issued to Loan Lovan for 60 Acres, More or Less, in Waialua, Oahu, Tax Map Key (1) 6-5-001:056 (por)

E. Old Business

1. Request for Approval to Terminate Revocable Permit No. RP 1802 Issued to William J. Sanchez for 419 Acres, More or Less, of Unit A, and Issue a New Revocable Permit for up to 208 Acres, More or Less, in Kalepa Kauai, Tax Map Key (4) 3-9-002-020 (por)

F. Executive Director's Update

G. Adjourn

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The Board may go into Executive Session pursuant to exceptions provided under Section 92-5, Hawaii Revised Statutes (HRS), including to consult with the Board's attorney on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities, pursuant to Section 92-5(4), HRS."

If you require special assistance or auxiliary aids or services to participate in the public hearing process, please contact staff at (808) 586-0186 at least three (3) business days prior to the meeting so arrangements can be made.

NOTE: MATERIALS FOR THIS AGENDA WILL BE AVAILABLE FOR REVIEW ON OUR WEBSITE ON AND AFTER THURSDAY, 2/10/22.

The Agribusiness Development Corporation does not discriminate on the basis of race, color, sex, national origin, age, or disability, or any other class as protected under applicable federal or state law, in administration of its programs, or activities, and, the Agribusiness Development Corporation does not intimidate or retaliate against any individual or group because they have exercised their rights to participate in actions protected, or oppose action prohibited, by 40 C.F.R. Parts 5 and 7, or for the purpose of interfering with such rights.

If you have any questions about this notice or any of the Agribusiness Development Corporation's non-discrimination programs, policies, or procedures, you may contact:

Myra Kaichi, Acting Non-Discrimination Coordinator
Agribusiness Development Corporation
235 S. Beretania Street, Room 205
Honolulu, HI 96813
(808) 586-0186
hdoa.adc.titlevi@hawaii.gov

If you believe that you have been discriminated against with respect to an Agribusiness Development Corporation program or activity, you may contact the Acting Non-Discrimination Coordinator identified above.

To request language or accessibility for Agribusiness Development Corporation programs or public meetings, please contact the office, at (808) 586-0186 or email: hdoa.adc@hawaii.gov. Please allow sufficient time for the Agribusiness Development Corporation to meet accommodation requests.

To request language interpretation for this document, please contact: LEP Coordinator located at 1428 South King Street, Honolulu, HI 96813 (Phone: 808-973-9469 Email: hdoa.hr@hawaii.gov). Individuals may request oral interpretation services in order to request a written translation of this document.



STATE OF HAWAII
AGRIBUSINESS DEVELOPMENT CORPORATION

235 S. Beretania Street, Room 205
Honolulu, HI 96813
Phone: (808) 586-0186 Fax: (808) 586-0189

February 16, 2022

Subject: Request for Approval to Conditionally Rescind Tenant Approval to
Rey Pin for 6.023 Acres of Lot 3 at Galbraith Small Farmer Lots in
Wahiawa, Oahu, Tax Map Key (1) 7-1-001-002 (por)

Applicant: Rey Pin, an individual

Authority: Section 163D-4(a)(5), Hawaii Revised Statutes

Area: 6.023 Acres

Field No(s).: Lot 3

Tax Map Key: (1) 7-1-001-002

Land Status: Acquired in fee by the Agribusiness Development Corporation in
2012

Trust Land Status: Ceded land under Section ____ lands of the Hawaii Admission Act
Yes ____ No X

DHHL 30% entitlement lands pursuant to the Hawaii State
Constitution? Yes ____ No X

Character of Use: Diversified Agriculture

Land Doc. Type: License (not executed)

Term: N/A

Rental Rate: \$200 per Acre per Year
Potential Annual Rent: \$1,204.60

BACKGROUND:

In 2012, ADC acquired select portions of the George Galbraith Estate. The City & County of Honolulu provided \$4 million from the Clean Water Natural Land Fund towards the purchase cost for the preservation of agricultural land and requested a portion of the land be dedicated to providing land to small farmers.

A number of farmers applied for the available lots and Ms. Rey Pin (“Applicant”) was awarded 6.023 acres of Lot 3 (see “Exhibit A”) by the Board at their meeting on April 27, 2016.

Following the Board’s approval, communication between the Applicant and ADC was sporadic. A number of letters and email communications from 2018 – 2019 with repeated requests that the tenant procure insurance, develop a conservation plan, and execute a license document interaction with the Applicant but very little progress. At one point, the Applicant did procure some level of insurance. However, no effort or progress in clearing the parcel, obtaining a soil conservation plan, or submitting a utilization plan is documented.

In January 2022, staff received a number of phone calls from the Applicant requesting access to the parcel. The Applicant was informed that a right-of-entry would need to be granted and that insurance would first need to be procured. Subsequent to the Applicants request, staff issued a letter (see “Exhibit B”) to the Applicant requesting that appropriate documentation of insurance, a conservation plan, and a land utilization plan be submitted, and a license executed by April 30, 2022, and noting that the matter would be brought to the Board for their consideration of possible rescission of the prior April 2016 approval.

REQUEST:

That the Board conditionally rescind the prior tenant approval of April 27, 2016, effective May 1, 2022, if the tenant has not submitted the documents noted above and executed a license agreement with ADC by April 30, 2022.

WATER NEEDS AND SOURCE OF WATER:

Water needs are unknown. Water is available for Galbraith Small Farmer lots via Bott Well irrigation system.

OPERATIONAL PLAN:

The April 27, 2016 submittal to the Board seeking approval for the Applicant’s tenancy notes the following:

“The applicant has been farming for 7 years cultivating the following crops; banana, papaya, eggplant, okra, long bean, tomato, and bitter melon on 3 acres of land in Kahuku, Oahu. She intends to grow banana, papaya, eggplant, okra, and long squash on 6 acres of Galbraith land.”

CONSERVATION PLAN:

To date, an approved conservation plan has not been received.

DISCUSSION:

Prior to January 2022, the last documented interaction with the Applicant is an email dated December 17, 2019 asking for an update on the Applicant's progress in obtaining a soil conservation plan, developing a land utilization plan, and intent to execute a license. No response appears to have been received.

Staff believed that the Applicant had abandoned plans to use the parcel, and ADC had begun preliminary discussions to initiate the application process for this and another parcel later this year. Upon hearing from the Applicant in January 2022, staff decided that the best course forward was to develop a timeline for the Applicant in order to give the Applicant one last chance to put this parcel into production.

Of particular note: nearly six years have elapsed since the Applicant's land request was granted.

RECOMMENDATION:

Staff recommends that the Board approve the following:

1. Grant the Applicant until April 30, 2022 within which to:
 - a. Secure an approved soil conservation plan; and
 - b. Develop a land utilization plan with target dates for full production; and
 - c. Obtain the requisite policies of insurance, naming ADC as additional insured; and
 - d. Execute a land license with ADC; and
2. Require documentation evidencing the approved soil conservation plan, land utilization plan, and insurance coverage be provided to ADC immediately upon development or receipt by the Applicant; or
3. If all these conditions are not met by the date noted in recommendation 1, rescind the tenant approval granted to the Applicant on April 27, 2016, effective May 1, 2022.

Respectfully Submitted,

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James J. Nakatani
Executive Director

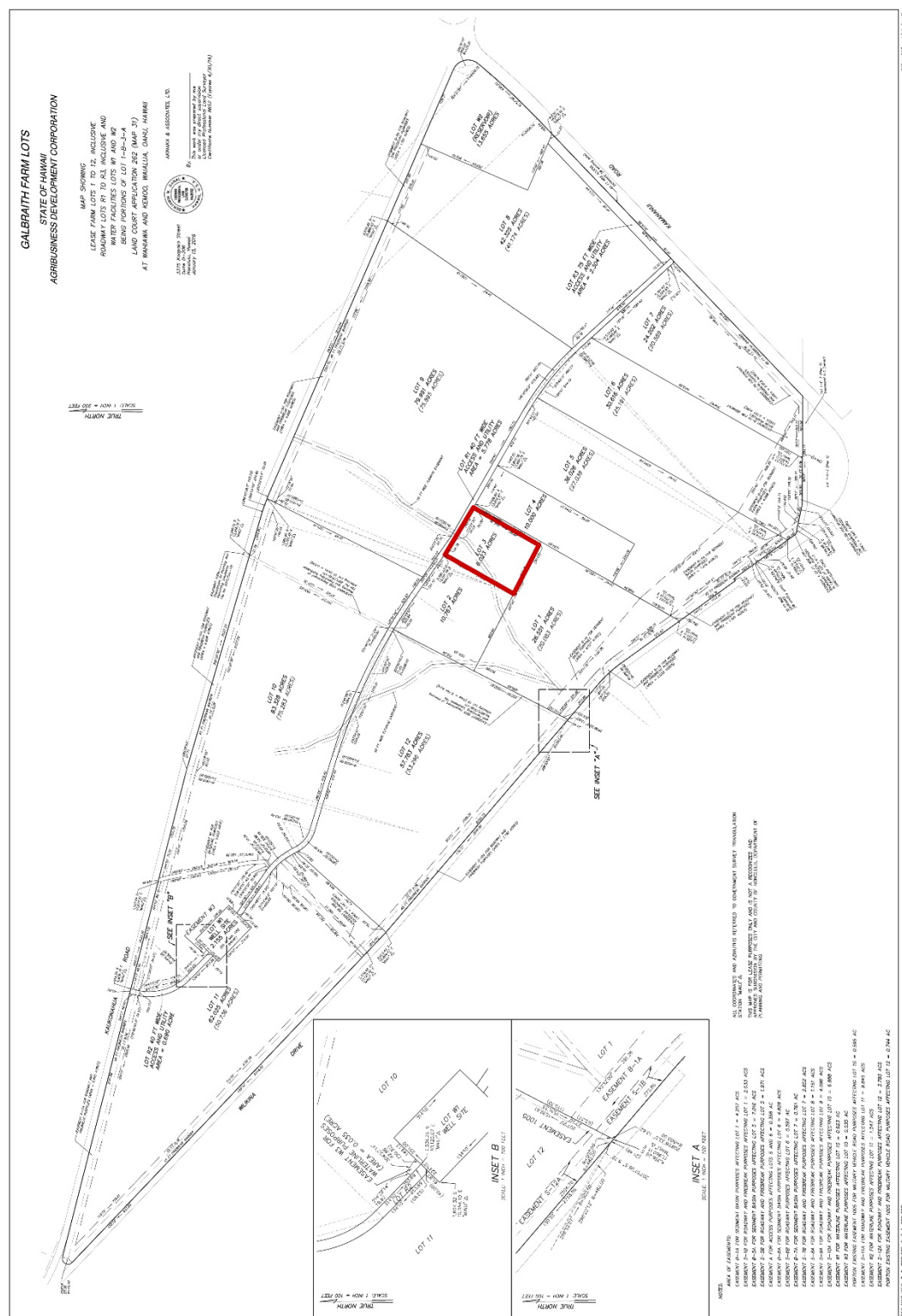
EXHIBIT A

EXHIBIT B

Letter to Rey Pin

[see following pages]

DAVID Y. IGE
Governor

JOSH GREEN
Lt. Governor



JAMES J. NAKATANI
Executive Director

STATE OF HAWAII
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January 20, 2022

Ms. Rey Pin



Dear Ms. Pin:

Subject: Galbraith Agricultural Lands, Lot 3

Thank you for your recent call to my office regarding Galbraith Agricultural Land, Lot 3. As you know, our Board of Directors approved the issuance of a land license to you at their meeting on April 27, 2016. On May 16, 2019, at your request, you were sent a letter (see enclosure) outlining the outstanding documents required to begin farming and requesting a response from you by June 7, 2019. Nearly six years have passed since your tenancy was approved, and nearly three years have passed since ADC has received any communication from you.

In light of the foregoing, our Board of Directors, at their meeting in February, will discuss provisionally rescinding their prior license approval. Should you remain interested in farming the subject parcel, ADC will need to receive the following documents by April 30, 2022:

1. Certificate of Insurance for the subject property;
2. Soil and Water Conservation Plan for the subject property;
3. Land Utilization Plan for the subject property;
4. Fully executed ADC land license for the subject property.

If all of the documents listed above are not received and fully executed by close of business on April 30, 2022, the Board's prior approval may be rescinded, and ADC will move to seek other qualified tenants.

If you have any questions or concerns, please feel free to contact Lyle Roe at (808) 622-6696.

Sincerely,

A handwritten signature in black ink, appearing to be "J. Nakatani", followed by a horizontal line.

James J. Nakatani
Executive Director

Enc.

DAVID Y. IGE
Governor

JOSH GREEN
Lt. Governor



JAMES J. NAKATANI
Executive Director

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235 S. Beretania Street, Room 205
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May 16, 2019

Ms. Rey Pin

Dear Ms. Pin:

Subject: Galbraith Agricultural Lands

Per your request, we are sending you the requirements and cost to farm on the State's Galbraith Lands. The following are the documents we need to get started:

- 1) Signed Land License
- 2) Soil and Water Conservation Plan (\$2,400; only 5 acres so may be less. NRCS (federal gov) free of charge)
- 3) Certificate of Insurance (contact your insurance agent for quote)


The land will require clearing and preparation, to be completed by the farmer. You will need to complete a soil conservation plan before they can begin clearing. The estimated cost for land clearing and prep: \$1,000 - \$3,000 per acre. The following is a breakdown of the fees and monthly cost to the farmer:

Rental rate:	\$100.38 per month (\$200 per acre per year)
Security & toilet:	\$67.37 per month
Security deposit:	\$200.77
Water infrastructure:	\$5,310.00 ***one-time charge

First invoice:	\$5,678.52 (Fees + first month rent)
Subsequent invoices:	\$167.76 per month

If you agree to the terms above, we can send you a draft License for your review. Please respond by June 7, 2019. Should you have any questions, please call Ken Nakamoto at (808) 586-0087.

Sincerely,


for James J. Nakatani
Executive Director

Cc: [REDACTED]



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February 16, 2022

Subject: Request for Approval for Pioneer Hi-Bred International, Inc.
Under General Lease No. S-4741 to Install Photovoltaic
Panels on Certain Structures in Kekaha, Kauai, Tax Map Key
(4) 1-2-002:042 (por)

Lessee: Pioneer Hi-Bred International, Inc.

Authority: Section 163D-4(a)(5), Hawaii Revised Statutes

Area: 5.601 Gross Acres

Field No(s).: Undesignated

Tax Map Key: (4) 1-2-002:042

Land Status: Set aside by the Governor's Executive Order No. 4660 to the
Agribusiness Development Corporation for Agricultural and
Related Purposes

Trust Land Status: Ceded land under Section ____ lands of the Hawaii
Admission Act

Yes ____ No X

DHHL 30% entitlement lands pursuant to the Hawaii State
Constitution? Yes ____ No X

Character of Use: Commercial (office, storage, processing)

Land Doc. Type: Lease

Term: 35 Years Original Term, Approved Extension to September
30, 2030

Rental Rate: \$921.26 per Acre per Year
Annual Rent: \$5,160

BACKGROUND:

General Lease No. S-4741 (the "Lease") was issued to Pioneer Hi-Bred International Inc. ("Lessee") by the Hawaii Department of Land and Natural Resources for 5.601 acres (see "Exhibit A") in Kekaha on February 3, 1982 for a term of 35 years commencing on July 16, 1981 and expiring on July 16, 2016. The property was set aside to the Hawaii Department of Agriculture ("HDOA") via Governor's Executive Order No. 4259 dated January 20, 2009. Lessee sought and received approval for an extension of the Lease at the Board of Agriculture meeting on September 22, 2015 for a period up to and including September 30, 2030.

The property was set aside from HDOA to the Agribusiness Development Corporation by Governor's Executive Order No. 4660 dated September 23, 2021.

REQUEST:

Pursuant to paragraph 9¹ of the Lease Agreement, the Lessee requests Board approval to install solar panels on the roof of two building of the subject property.

OPERATIONAL PLAN:

Lessee intends to contract with RC Energy AG LLC ("RC Energy") to install a 251.94 KW DC / 233.1 KW AC photovoltaic system with battery storage on the subject property. The agreement calls for Lessee to lease the system for 10 years with the option to purchase at the end of term. Kauai Island Utility Co-op has a strict non-export rule so any energy produced that exceeds loads will be used for battery storage. When the battery is charged to capacity, PV production will be curtailed.

CHAPTER 343:

Pursuant to Exemption Class 3 of the Comprehensive Exemption List for the Agribusiness Development Corporation dated May 1, 2018, this project is exempt from the requirements of Chapter 343, Hawaii Revised Statutes, to prepare an environmental assessment.

DISCUSSION:

¹ 9. Improvements. That the Lessee shall not at any time during said term construct, place, maintain and install on said premises any building, structure or improvement of any kind and descriptions whatsoever except with the prior approval of the Board and upon such conditions as the Board may impose, including any adjustment of rent, unless otherwise provided herein. The ownership thereof shall be in the Lessee until the expiration or termination pursuant to a breach of the lease, at which time the ownership thereof shall vest in the Lessor.

The project requires a "Landlord/Mortgagee Waiver" (see "Exhibit B") which provides landowner consent to RC Energy's installation, operation, and maintenance of the service components, waives any right, title, statutory or possessory lien, security or other interest in the service components by landowner/mortgagee, and grants RC Energy the right to enter the property to remove the system, as necessary.

RECOMMENDATION:

Staff recommends that the Board approve the project and the authorize the Executive Director to execute the Landlord/Mortgagee Waiver:

1. Lessee shall obtain all appropriate county and state permits for the project; and
2. Lessee shall submit to ADC a list of all costs and expenses associated with the installation of this project.

Respectfully Submitted,

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James J. Nakatani
Executive Director

EXHIBIT B

“Landlord/Mortgagee Waiver”

[see following pages]

Service Schedule No. 2
RC Energy AG LLC ("Service Provider")
Pioneer Hi-Bred International, Inc. ("Customer")

Exhibit C
Service Schedules No. 2 and 5
to the Master Energy Services Agreement (the "Master Agreement")
dated as of November 1, 2021

(To be Issued on Pioneer/Corteva Letterhead)

LANDLORD/MORTGAGEE WAIVER

Landlord/Mortgagee Name
Address

Re: Master Energy Services Agreement and Service Schedule No.1 by and between Pioneer Hi-Bred International, Inc. and RC Energy AG LLC for certain energy Services ("Service Agreement")

Dear Sir:

State of Hawaii (Landlord/Mortgagee name) is Landlord/Mortgagee for real estate leased/mortgaged to Pioneer Hi-Bred International, Inc. The real estate is located at 7431 Kaunualii Highway, Kekaha, Hawaii 96752 (the "Premises").

We are writing to advise you that Pioneer has entered into a certain Service Schedule with RC Energy AG LLC ("RC Energy") pursuant to which RC Energy shall provide and sell the services ("Services") including (i) providing renewable energy and environmental attributes; and (ii) energy storage capacity. The Service Provider shall provide the Services using Customer approved equipment including solar PV systems and energy storage systems (the "Service Components") on the premises.

Accordingly, in consideration for RC Energy's installation and ownership of the Service Components for the benefit of Pioneer, RC Energy is requesting Landlord/Mortgagee to agree as follows:

- (i) Landlord/Mortgagee consents to RC Energy's installation, operation and maintenance of the Service Components on the premises and the Service Components shall remain RC Energy's personal property despite any present or future attachment to the Premises; and
- (ii) if for any reason any of the Service Components are deemed to be a fixture, Landlord/Mortgagee waives any right, title, statutory or possessory lien, security or other interest in the Service Components, including, but not limited to, any rights to levy or distrain the Service Components for any unpaid amounts with respect to the Premises; and
- (iii) in the event that RC Energy, its successors or assigns shall at any time exercise its right or power under the Service Schedule or otherwise to take possession of and/or remove the Service Components, Landlord/Mortgagee will not hinder the same or interfere or object thereto and hereby consents to RC Energy's entry upon the Premises for such purposes.

This Waiver shall be binding upon the heirs, personal representatives, successors and assigns of Landlord/Mortgagee, and shall inure to the benefit of RC Energy and its successors and assigns.

Please acknowledge your agreement and return the signed letter to my attention.

Sincerely,

ACKNOWLEDGED AND AGREED
(Landlord/Mortgagee)

Service Schedule No. 2
RC Energy AG LLC ("Service Provider")
Pioneer Hi-Bred International, Inc. ("Customer")

(Signature)

(Printed Name)

(Title)

(Date)



STATE OF HAWAII
AGRIBUSINESS DEVELOPMENT CORPORATION

235 S. Beretania Street, Room 205
Honolulu, HI 96813
Phone: (808) 586-0186 Fax: (808) 586-0189

February 16, 2022

Subject: Request for Approval for Pioneer Hi-Bred International, Inc. Under License Agreement No. LI-K0803 to Construct a Critical Equipment Storage Building in Kekaha, Kauai, Tax Map Key (4) 1-2-002:001 (por)

Licensee: Pioneer Hi-Bred International, Inc.

Authority: Section 163D-4(a)(5), Hawaii Revised Statutes

Area: 1,039.93 gross acres
767.21 tillable acres
272.72 untillable acres

Field No(s).: Field 309 (por)

Tax Map Key: (4) 1-2-002:001

Land Status: Set aside by the Governor's Executive Order No. 4007, as modified by Executive Order Nos. 4034 and 4165 to the Agribusiness Development Corporation for Agricultural and Related Purposes

Trust Land Status: Ceded land under Section 5(b) lands of the Hawaii Admission Act
Yes ☒ No ☐

DHHL 30% entitlement lands pursuant to the Hawaii State Constitution? Yes ☒ No ☐

Character of Use: Commercial (equipment storage)

Land Doc. Type: License

Term: 20 years (currently in year 13)

Rental Rate: \$150 per acre per year (tillable)
\$1 per acre per year (untillable)
Annual Rent: \$115,354.32

BACKGROUND:

License No. LI-K0803 (the "License") issued to Pioneer Hi-Bred International Inc. ("Licensee") has been effective since April 1, 2008 for 2,210.86 gross acres of which 1,938.14 were characterized as tillable and 272.72 acres were characterized as untillable. The License was first amended in August 2015 by adding and removing a number of fields which resulted in an adjustment to 1,735.57 gross acres, of which 1,461.85 acres were characterized as tillable and 272.72 acres were characterized as untillable. Due to the consolidation of some aspects of their business model to operations on Oahu, the License was further amended in July 2016 by withdrawing a number of fields resulting in 937.72 gross acres, of which 665 were characterized as tillable and 272.72 were characterized as untillable. Finally, in February 2021, the License was amended to add two fields and adjust the gross acreage to 1,039.93 gross acres, of which 767.21 were characterized as tillable and 272.72 were characterized as untillable.

In February 2020, the ADC Board approved a request from Licensee to develop a farm incubator program for new and emerging farmers. Currently, Licensee hosts two new farmers who are developing lo'i for taro production, as well as green onions and vegetable crops.

LAND REQUEST:

Pursuant to paragraph 13¹ of the License, Licensee requests Board approval to construct a critical equipment storage building on a portion of Field 309 (see "Exhibit A").

WATER NEEDS AND SOURCE OF WATER:

Update communication from Licensee indicates that due to cost considerations, the proposed structure will not be connected to a water system or septic, although a county water line is accessible from the adjacent highway.

OPERATIONAL PLAN:

The proposed building will provide storage of critical equipment such as tractors and planters, with a designated area to perform service and maintenance activities safely (see "Exhibit B")

¹ 13. "Improvements. During the term of this License, LICENSEE shall not construct, place, maintain, or install on the Premises any building, structure, sign, or improvement, except with the prior written approval of LICENSOR and upon such conditions as LICENSOR may impose. The preceding sentence shall not apply to any building, structure, sign, or improvement constructed, placed, maintained, or installed on the Premises with the consent and approval of LICENSOR under any prior permit or agreement pursuant to which LICENSEE or any of LICENSEE'S permitted assigns, sub-licensees, or permittees occupied the Premises before the effective date of this License Agreement. All buildings, structure, signs, or improvements constructed, placed, maintained, or installed pursuant to this paragraph shall be in accordance with all applicable federal, state, and county laws, ordinances, and rules. The ownership thereof shall be in the LICENSEE until the expiration or sooner termination of this License, at which time the ownership thereof shall, at the option of LICENSOR, vest in LICENSOR or shall be removed by LICENSEE at LICENSEE's sole cost and expense."

CHAPTER 343:

Pursuant to Exemption Class 3 of the Comprehensive Exemption List for the Agribusiness Development Corporation dated May 1, 2018, this project is exempt from the requirement of Chapter 343, Hawaii Revised Statutes, to prepare an environmental assessment.

DISCUSSION:

Due to the high cost of the project, the Licensee has opted to drop several features including water and septic. Additionally, there will be no office area included as part of the project (see "Exhibit C". The location was chosen based on proximity to electrical utilities and current machine parking lot, as well as proximity to the main office. The north end of the field where machine parking is currently located is prone to flooding while the project location does not. The updated cost of the project is estimated at \$800,000.

RECOMMENDATION:

Staff recommends that the Board approve the above request to construct a critical storage facility on a portion of Field 309, subject to the following conditions:

1. Lessee shall obtain all appropriate permits for the project; and
2. Lessee shall submit to ADC a list of all expenses associated with the construction of this project.

Respectfully Submitted,

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James J. Nakatani
Executive Director

EXHIBIT A

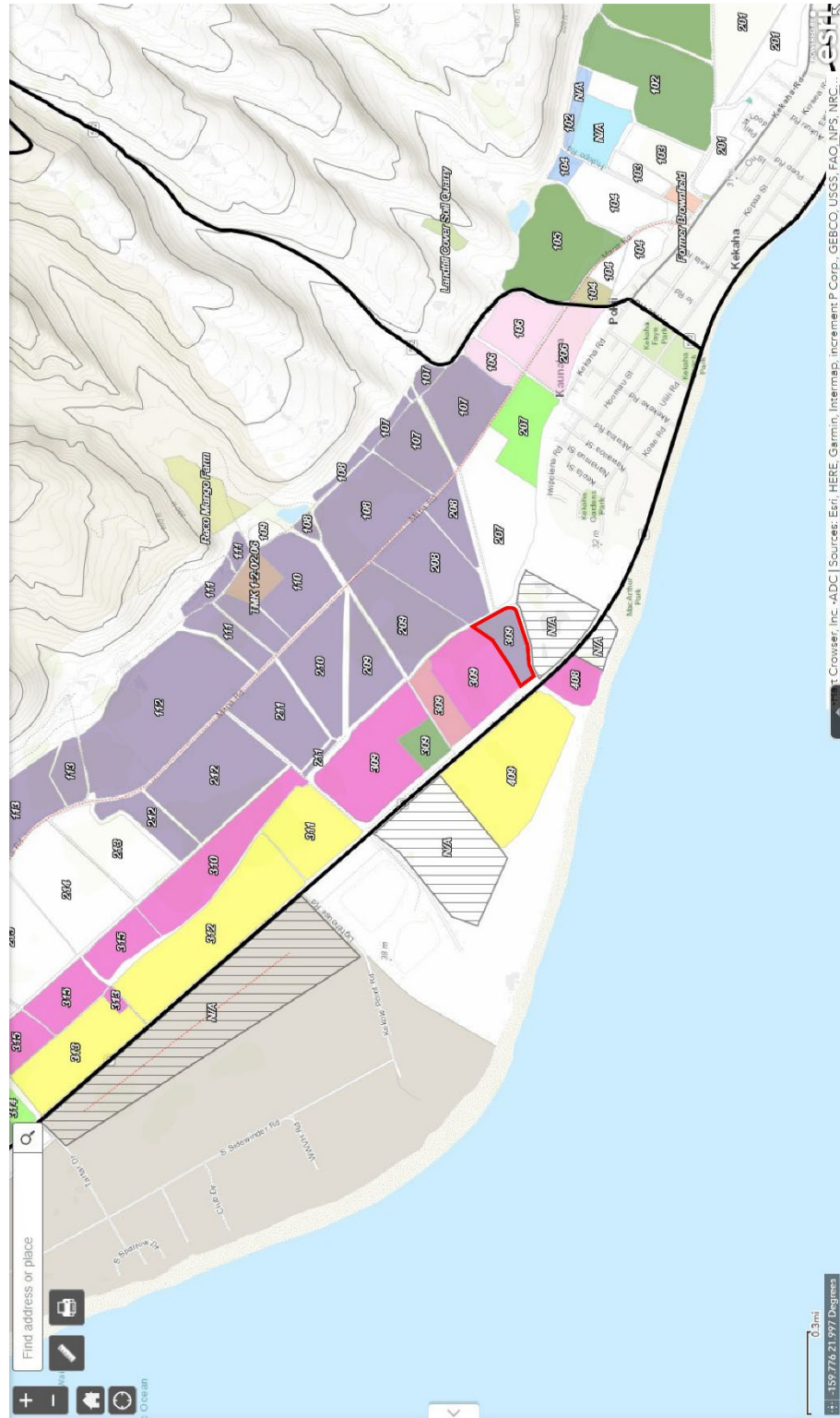


EXHIBIT B

Project Overview

[see following pages]



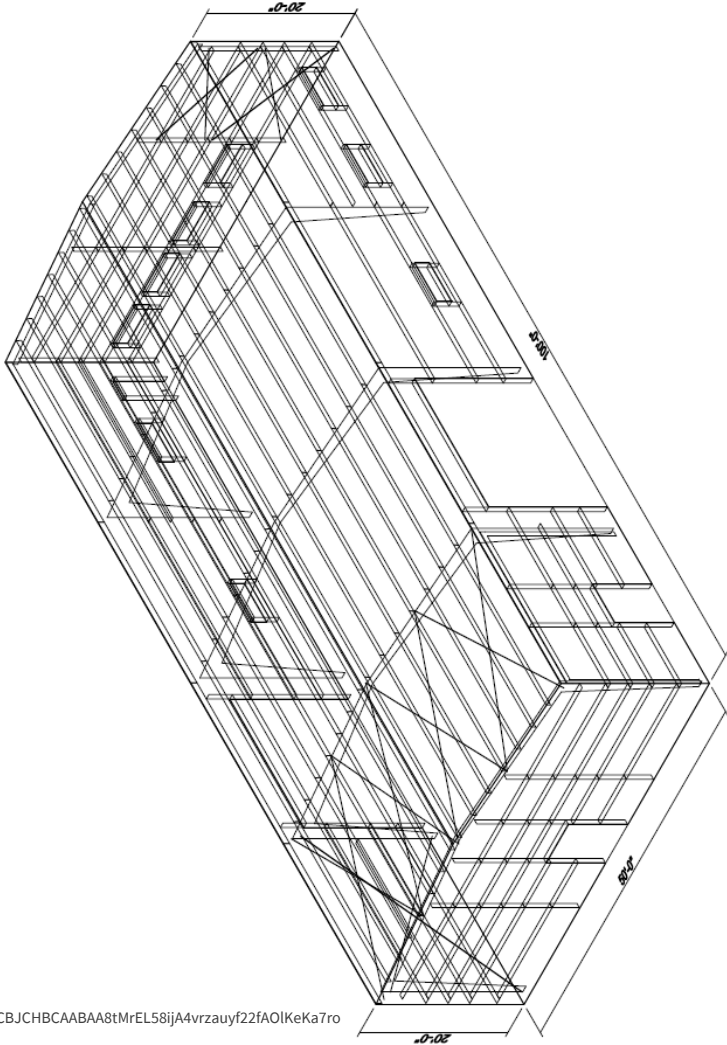
Kekaha Critical Equipment Storage Building

High Level Plan
2022

Insert Program, Group, or Tagline (using: Insert tab > Header & Footer)

High Level Overview

Adobe Sign Transaction Number: CBJCHBCAABAA8tMrEL58ijA4vrzauyf22fAOlKeKa7ro



5,000 sqft Pre-Fab Steel Structure

- Possibly insulated with interior panels

25' x 25' Steel mezzanine

- Parts Storage on top
- Office space, restrooms, custodial closet below

Concrete floor with drainage running the length of the structure.

Openings (subject to change)

- 2-3 14' x 14' roll up doors
- Two 6'-7' man doors
- One 3'-7' man door
- 9 Windows

Utilities Scope and Location

- Septic
- City Water
 - Exterior hose bibs
 - Men's and Women's restrooms
 - Utility Sink
- Electrical: 400 Amp Panel
 - Interior lights
 - 2-3 roll up doors
 - 240v and 120v outlets



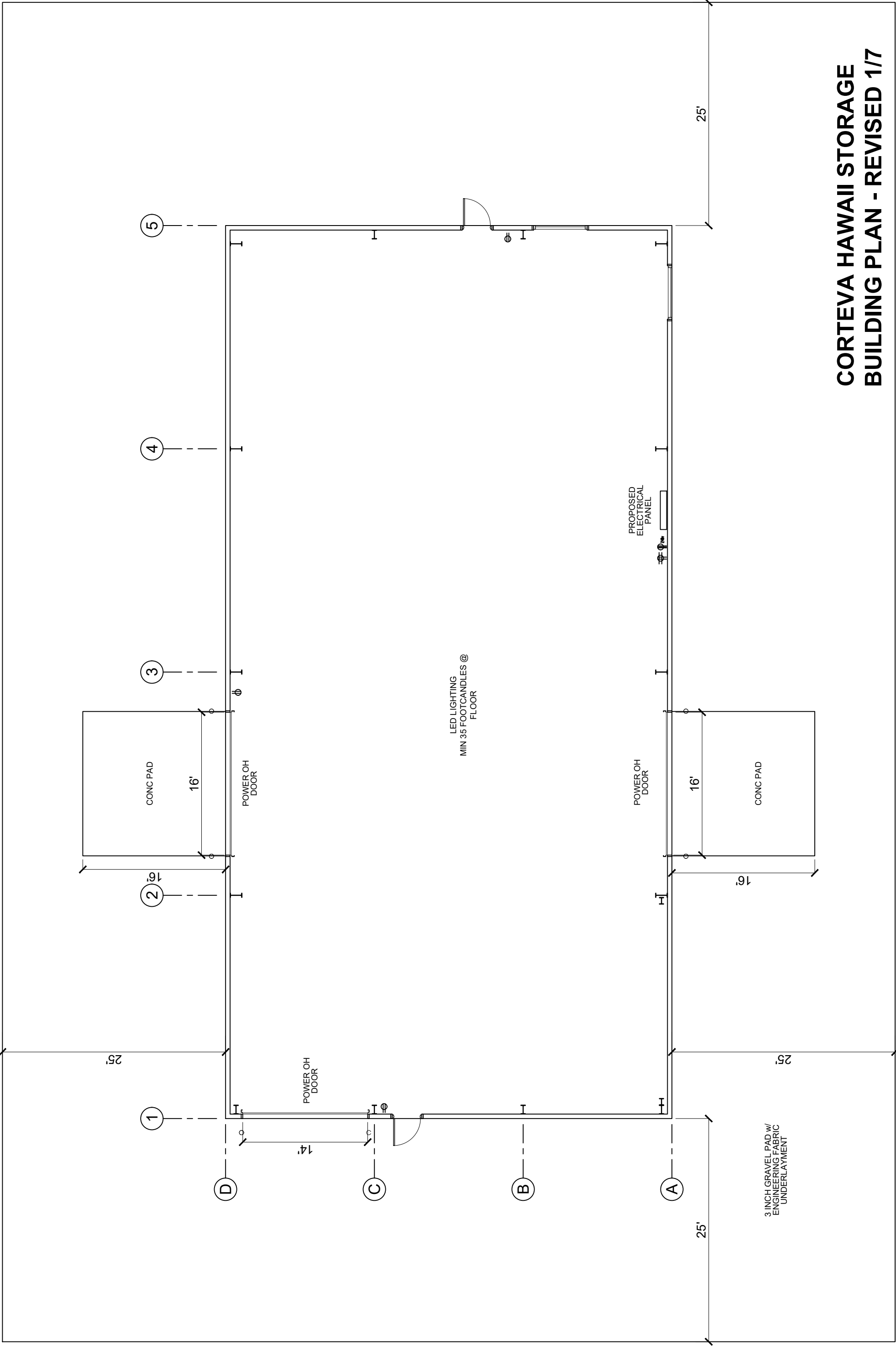
- **Value:** We anticipate the structures, materials, and installation to cost \$450,000-\$500,000
- **Purpose:** Storage of critical equipment such as planters, and a designated area to perform maintenance activities safely.



EXHIBIT C

Updated Floor Plan

[see following page]



CORTEVA HAWAII STORAGE
BUILDING PLAN - REVISED 1/7



STATE OF HAWAII
AGRIBUSINESS DEVELOPMENT CORPORATION

235 S. Beretania Street, Room 205
Honolulu, HI 96813
Phone: (808) 586-0186 Fax: (808) 586-0189

February 16, 2022

Subject: Request for Approval to Renew Revocable Permit No. S-7299
Issued to Senter Petroleum for 0.5 Acres, More or Less, in Kekaha,
Kauai, Tax Map Key (4) 1-2-001:001 (por)

Permittee: Senter Petroleum Inc.

Authority: Section 163D-4(a)(5) Hawaii Revised Statutes

Area: 0.5 gross acres, more or less

Field No(s).: Undesignated

Tax Map Key: (4) 1-2-002:001

Land Status: Set aside by the Governor's Executive Order No. 4007, as
modified by Executive Order Nos. 4034 and 4165 to the
Agribusiness Development Corporation for Agricultural and
Related Purposes

Trust Land Status: Ceded land under Section 5(b) lands of the Hawaii Admission Act
Yes ☒ No ☐
DHHL 30% entitlement lands pursuant to the Hawaii State
Constitution? Yes ☒ No ☐

Character of Use: Commercial

Land Doc. Type: Revocable Permit

Term: Month-to-month, annual renewal

Rental Rate: \$1,125 per Month
Annual Rent: \$13,500

BACKGROUND:

In September 2003, Governor's Executive Order No. 4007 was signed, setting aside approximately 12,500 acres of the former Kekaha Sugar lands to the ADC from the Department of Land and Natural Resources ("DLNR"). Revocable Permits that had been

issued by the DLNR for these lands were transferred to the ADC in November 2003. Revocable Permit No. S-7299 ("Permit") issued to Senter Petroleum ("Permittee") is one of two Permits that have not converted to long term licenses.

Land utilization of the 0.5 acre upon which above-ground storage tanks are constructed (see "Exhibit A") include petroleum storage, sales and distribution, as well as access to the site from Kekaha Road. The Permittee has expressed interest in negotiating a long-term lease in the future as they are exploring the possibility of improving the site, but no firm proposal has been received

In July 2017, the Permittee submitted their Spill Prevention Control and Countermeasure Plan to the ADC. Further, Permit conditions include a clause that requires the Permittee to conduct a Level One Hazardous Waste Evaluation and conduct a complete abatement and disposal program, if necessary, prior to termination of the Permit.

In February 2021, Best Management Practices (BMP) inspection documented several deficiencies including cracks and grounding issues with the containment wall, tank corrosion, and site security. Permittee has been responsive to the concerns and has engaged contractors to construct a previously approved fence around the premises and to repair the spalling cracks in the containment wall.

The Permittee is in good financial standing with ADC and is current with all rent payments.

REQUEST:

Permittee requests that the Permit be renewed pending a request for conversion to a license.

WATER NEEDS AND SOURCE OF WATER:

Not Applicable

CONSERVATION PLAN:

Not Applicable

DISCUSSION:

Permittee has been responsive to the documented BMP deficiencies which include cracks and grounding issues with the containment structures, tank corrosion, and site security.

RECOMMENDATION:

Based on the foregoing, staff recommends that the Board approve the renewal of Revocable Permit No. 7299 issued to Senter Petroleum Inc., subject to the following conditions:

1. Renewal term be June 12, 2022 – June 11, 2023; and

2. Retroactive approval for January 1, 2022 – June 11, 2022 shall be included; and
3. All other terms and conditions shall remain unchanged.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "J. Nakatani", followed by a horizontal line.

James J. Nakatani
Executive Director

EXHIBIT A

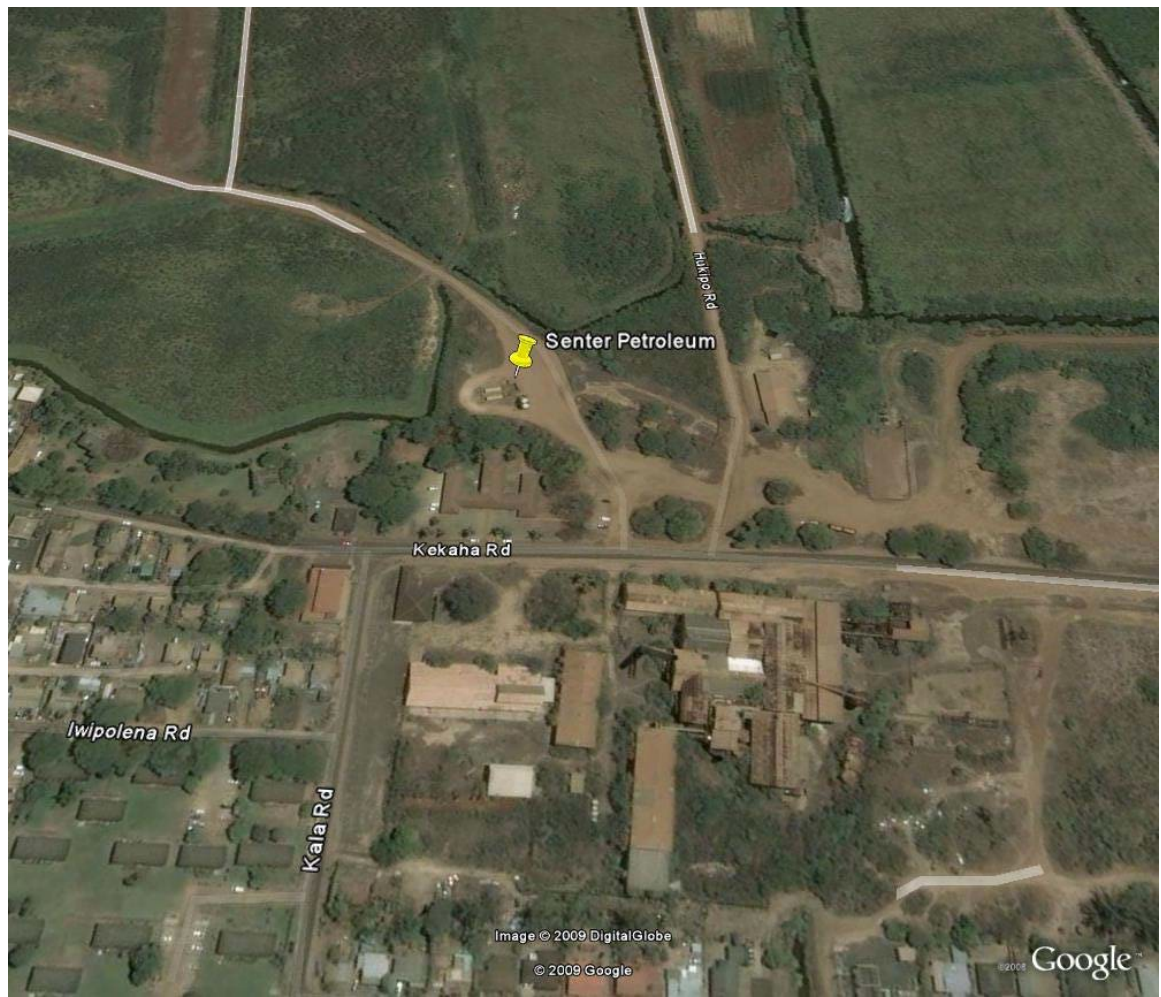


EXHIBIT B





STATE OF HAWAII
AGRIBUSINESS DEVELOPMENT CORPORATION

235 S. Beretania Street, Room 205
Honolulu, HI 96813
Phone: (808) 586-0186 Fax: (808) 586-0189

February 16, 2022

Subject: Request for Approval to Renew Revocable Permit No. S-7004
Issued to Gary Smith for 2,780 Square Feet, More or Less, in
Kekaha, Kauai, Tax Map Key (4) 1-2-002:001 (por)

Permittee: Gary Smith, an individual

Authority: Section 163D-4(a)(5), Hawaii Revised Statutes

Area: 2,780 square feet, more or less

Field No(s).: Undesignated

Tax Map Key: (4) 1-2-002:001

Land Status: Set aside by the Governor's Executive Order No. 4007, as
modified by Executive Order Nos. 4034 and 4165 to the
Agribusiness Development Corporation for Agricultural and
Related Purposes

Trust Land Status: Ceded land under Section 5(b) lands of the Hawaii Admission Act
Yes ☒ No ☐

DHHL 30% entitlement lands pursuant to the Hawaii State
Constitution? Yes ☒ No ☐

Character of Use: Home Gardening

Land Doc. Type: Revocable Permit

Term: Month-to-month, annual renewal

Rental Rate: \$13 per Month
Annual Rent: \$156

BACKGROUND:

Governor's Executive Order No. 4007 signed in 2003 set aside approximately 12,500 acres of the former Kekaha Sugar lands to the Agribusiness Development Corporation ("ADC"). Revocable Permits previously issued by the Department of Land and Natural Resources were transferred to the ADC in November 2003. Revocable Permit No. S-7004

("Permit"), issued to Gary Smith ("Permittee") and effective January 12, 1996, is one of two RPs that have not been converted to ADC revocable permits.

The Permittee's premises are located behind his house and is used as a vegetable garden. The use of the land and the location of the plot do not qualify for a long-term license.

LAND REQUEST:

Permittee requests the renewal of the RP for 2,780 square feet, more or less, of ADC land behind his house.

WATER NEEDS AND SOURCE OF WATER:

Water needs are currently unknown, however, water for his garden is sourced from his residence.

OPERATIONAL PLAN:

Not applicable

DISCUSSION:

The Permittee is in good standing with ADC, is current on all rent payments, and appears to be an excellent steward of the premises.

RECOMMENDATION:

Based on the foregoing, staff recommends that the Board renew the Permit for one year, subject to the following conditions:

1. Renewal term shall be retroactive to January 12, 2022 – January 11, 2023; and
2. All other terms and conditions shall remain unchanged.

Respectfully Submitted,

.. 

James J. Nakatani
Executive Director

EXHIBIT A



EXHIBIT B





STATE OF HAWAII
AGRIBUSINESS DEVELOPMENT CORPORATION

235 S. Beretania Street, Room 205
Honolulu, HI 96813
Phone: (808) 586-0186 Fax: (808) 586-0189

February 16, 2022

Subject: Request for Approval to Renew Revocable Permit No. RP16-02
Issued to Andros Engineering for 8,800 Square Feet of Building F
in Whitmore, Oahu, Tax Map Key (1) 7-1-002:004 (por)

Permittee: Andros Engineering

Authority: Section 163D-4(a)(5), Hawaii Revised Statutes

Area: 8,800 square feet, more or less

Field No(s).: Building F

Tax Map Key: (1) 7-1-002:004

Land Status: Acquired in fee by the Agribusiness Development Corporation in
2015

Trust Land Status: Ceded land under Section ____ lands of the Hawaii Admission Act
Yes ____ No X

DHHL 30% entitlement lands pursuant to the Hawaii State
Constitution? Yes ____ No X

Character of Use: Commercial

Land Doc. Type: Revocable Permit

Term: Month-to-month, annual renewal

Rental Rate: \$880 per Month
Annual Rent: \$10,560

BACKGROUND:

Revocable Permit No. RP-1602 ("Permit") was issued to Andros Engineering ("Permittee") on March 1, 2016 for 8,800 square feet, more or less, of Building F (see "Exhibit A") in Whitmore Village, Oahu for parking and storage purposes. The Permittee provides agricultural recycling services and programs to local agricultural entities.

LAND REQUEST:

Permittee requests that the Permit be approved for another year.

WATER NEEDS AND SOURCE OF WATER:

For the purposes of this request, there are no water needs.

OPERATIONAL PLAN:

Permittee provides agricultural recycling services and programs to local agricultural entities.

CONSERVATION PLAN:

Not applicable

DISCUSSION:

Permittee is in good financial standing with ADC. However, they are not currently eligible for a long-term license due to impending development plans for location.

RECOMMENDATION:

Based on the foregoing, staff recommends that the Board approve the above request, subject to the following conditions:

1. Renewal term shall be March 1, 2022 – February 28, 2023; and
2. Retroactive approval for January 1, 2022 – February 28, 2022 shall be included; and
3. All other terms and conditions shall remain unchanged.

Respectfully Submitted,

.. 

James J. Nakatani
Executive Director

EXHIBIT A

Location Map

[see following page]

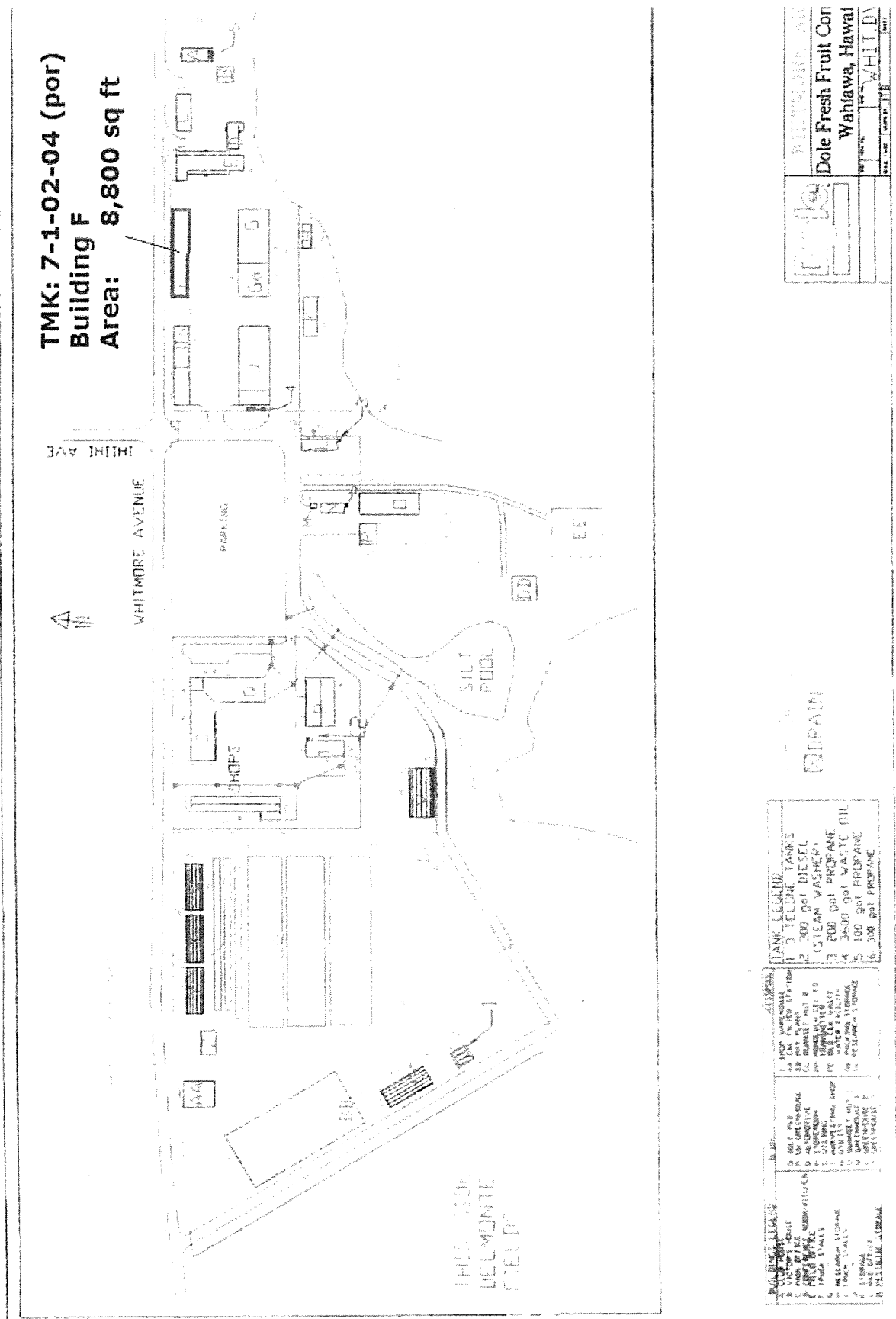


EXHIBIT B





STATE OF HAWAII
AGRIBUSINESS DEVELOPMENT CORPORATION

235 S. Beretania Street, Room 205
Honolulu, HI 96813
Phone: (808) 586-0186 Fax: (808) 586-0189

February 16, 2022

Subject: Request for Approval to Renew Revocable Permit No. RP-PU-2101
Issued to Loan Lovan for 60 Acres, More or Less, in Waialua, Oahu,
Tax Map Key (1) 6-5-001:056

Permittee: Loan Lovan, an individual

Authority: Section 163D-4(a)(5), Hawaii Revised Statutes

Area: 60 Acres, more or less

Field No(s).: Undesignated

Tax Map Key: (1) 6-5-001:056 [formerly (1) 6-5-001:044]

Land Status: Acquired in fee by the Agribusiness Development Corporation in
2020

Trust Land Status: Ceded land under Section ____ lands of the Hawaii Admission Act
Yes ____ No X

DHHL 30% entitlement lands pursuant to the Hawaii State
Constitution? Yes X No ____

Character of Use: Orchard and Diversified Agriculture

Land Doc. Type: Revocable Permit

Term: Month-to-month, annual renewal

Rental Rate: \$1,890.75 per month
Annual Rent: \$22,689

BACKGROUND:

In December 2020, ADC finalized the purchase 114.504 acres from Dole Food Company, Inc. ("Dole") of a certain property in Waialua, Oahu near Thompson's Corner, more specifically identified as Tax Map Key (1) 6-5-001-044. As part of the purchase of the property, ADC also assumed ownership and administration of License Agreement No. DLR 065, as amended, issued to Loan Lovan for 60 acres of land for agricultural purposes

(see "Exhibit A").

Beginning January 1, 2021, Mr. Lovan became a tenant of ADC under holdover status of the license previously issued by Dole which expired on December 31, 2020. Tenant has separate water use agreement with Dole for access to irrigation water from the Waialua Ditch.

Subsequent to Board approval in February 2021, staff issued Revocable Permit No. RP-PU-2101 ("Permit") to Mr. Lovan ("Permittee"). At the time, staff had documented a number of concerns that Permittee needed to address before a long-term license could be issued, including several abandoned vehicles on the property, a fire pit, non-farm items that appeared to be stored on premises, as well as a couple structures that needed to be repaired or dismantled. Permittee has made some progress on removing the fire pit and most of the abandoned vehicles, but staff does not yet believe that a long-term license is appropriate.

REQUEST:

That the Board renew the Permit for the subject property for a year.

WATER NEEDS AND SOURCE OF WATER:

Water needs are currently unknown; water is accessed via user agreement with Dole Food Company for ditch water.

OPERATIONAL PLAN:

Permittee currently has approximately 18 acres planted to orchard and the remaining acreage planted to diversified crops.

CONSERVATION PLAN:

The standard terms of the revocable permit do not include a requirement for a conservation plan, however, as part of an eventual move toward a full license, staff has made the Permittee aware that an approved conservation plan will be required before the Permit is renewed next year, or before a long-term license approved.

DISCUSSION:

Permittee has generally been a good steward of the premises and has demonstrated progress in addressing prior concerns.

RECOMMENDATION:

Based on the foregoing, staff recommends that the Board approve the above request, subject to the following conditions:

1. Renewal term shall be April 9, 2022 - April 8, 2023; and

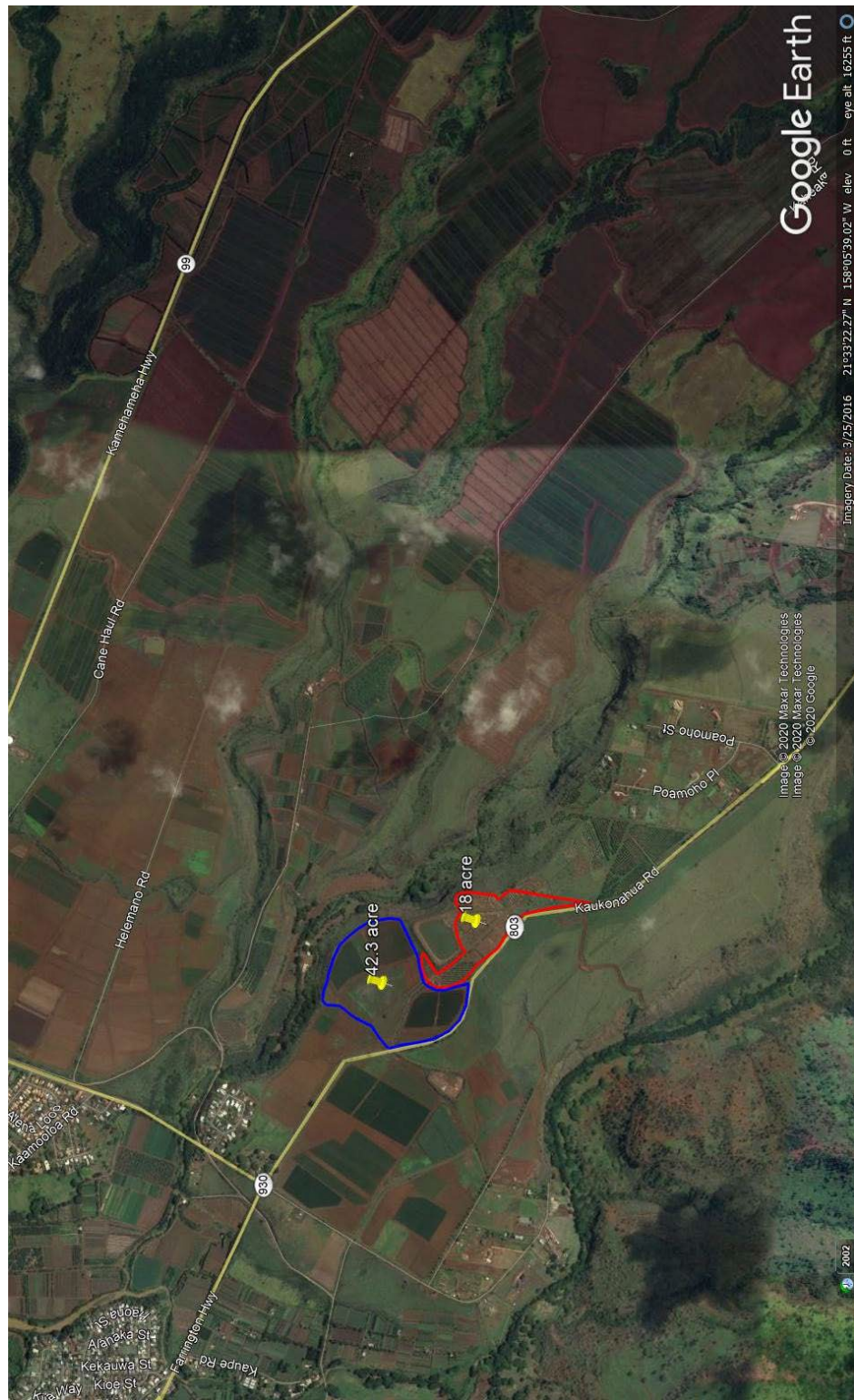
2. Permittee shall develop an approved soil conservation plan before April 8, 2023; and
3. All other terms and conditions of the Permit shall remain unchanged.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "J. Nakatani", followed by a horizontal line.

James J. Nakatani
Executive Director

EXHIBIT A





STATE OF HAWAII
AGRIBUSINESS DEVELOPMENT CORPORATION

235 S. Beretania Street, Room 205
Honolulu, HI 96813
Phone: (808) 586-0186 Fax: (808) 586-0189

February 16, 2022

Subject: Request for Approval to Terminate Revocable Permit No. RP 1802 Issued to William J. Sanchez for 419 Acres, More or Less, of Unit A, and Issue a New Revocable Permit for up to 208 Acres, More or Less, in Kalepa, Kauai, Tax Map Key (4) 3-9-002-020 (por)

Permittee: William J. Sanchez, an individual

Authority: Section 163D-4(a)(5), Hawaii Revised Statutes

Area: 419 gross acres, more or less

Field No(s).: Unit A

Tax Map Key: (4) 3-9-002:020

Land Status: Set aside by the Governor's Executive Order Nos. 4328 and 4401 to the Agribusiness Development Corporation for Agricultural and Related Purposes

Trust Land Status: Ceded land under Section 5(b) lands of the Hawaii Admission Act
Yes ☒ No ☐

DHHL 30% entitlement lands pursuant to the Hawaii State Constitution? Yes ☒ No ☐

Character of Use: Pastural

Land Doc. Type: Revocable Permit

Term: Month-to-month, annual renewal

Rental Rate: \$497.50 per Month
Annual Rent: \$5,970

BACKGROUND:

The Kalepa lands and its existing tenants were transferred from the Department of Land and Natural Resources ("DLNR") to the Agribusiness Development Corporation ("ADC") pursuant to Governor's Executive Order 4328 and 4401. The existing tenants, which included Mr. Sanchez, had DLNR 30-day revocable permits at the time the land and

existing agreements were assigned to ADC. In 2013, when ADC began issuing license agreements, the existing tenants in Kalepa were given the choice of being issued a license or remain on 30-day revocable permits (RP). While the base rental rate under an RP was less than the base rental rate under a license, the existing tenants were informed that under an RP the ADC has the right to withdraw a portion of or the entire property at any given time with a 30-day written notice.

Mr. Sanchez initially made requests for long-term licenses for Unit A and M. When ADC staff first submitted Mr. Sanchez's request to the ADC Board for approval, it was pointed out that Unit A was well-suited for diversified agriculture, thus, had a higher appraised value than Unit M. On June 12, 2013, the ADC Board approved the issuance of a 35-year license for 108 acres of Unit M (por) at \$30/acre/year and a 5-year license for 619 acres of Unit A at \$50/acre/year. After a lengthy discussion between Mr. Sanchez and the ADC Board members about the difference in base rental rates between the Units, Mr. Sanchez ultimately decided to decline ADC's offer for a 5-year license at \$50/acre/year for Unit A, citing cost. He withdrew his application for a License and opted for a 30-day revocable permit at \$15/acre/year which the ADC Board approved on August 20, 2013. As noted in the minutes of that meeting, Mr. Sanchez was advised that ADC may subsequently withdraw Unit A, or portions thereof, for purposes of diversified agriculture (see "Exhibit C").

In 2017, the Board exercised its revocation power and withdrew approximately 200 acres of Unit A from Mr. Sanchez's RP and subsequently awarded it to Taiwan Gu and Hawaii Golden Farm LLC for ginger and sweet potato production. As a result of that withdrawal, Mr. Sanchez was left with a remaining 419 acres of Unit A under the current RP (see "Exhibit A").

On May 20, 2020, the Board approved the withdrawal of another 200 acres, more or less, from Unit A, again for diversified agriculture. Upon being notified of the additional withdrawal, Mr. Sanchez immediately requested that he be allowed to retain the 200 acres in an email, and in telephone conversations with ADC staff. On July 22, 2020, the board voted to reconsider the withdrawal and tentatively return the 200 acres to Mr. Sanchez, and suggested that a policy be developed to address such concerns.

Mr. Sanchez currently holds two rental agreements with the ADC, 1) 35-year license, LI-KA1404, effective January 23, 2015 for 235 acres, identified as Unit M, and 2) 30-day month-to-month revocable permit (RP) 1802 for 419 gross acres on Unit A (por). He also has other large land holdings around Kauai that he leases from State and/or private landowners. Mr. Sanchez has been a good tenant—both rental accounts are in good-standing and he keeps his units in good condition.

At its meeting on August 25, 2021, the Board approved a request from Hawaii Golden Farm, Inc. ("HGF") for 237 acres, more or less, of Unit A, however, it failed to include the withdrawal of that acreage from Mr. Sanchez. To date, a license to HGF has not been executed pending confirmation of acreage and the withdrawal of said acreage from the Mr. Sanchez.

LAND REQUEST:

To terminate Revocable Permit No. RP 1802 issued to William J. Sanchez for 419 gross acres, more or less, of Unit A and issue a new revocable permit for up to 208 acres, more or less.

WATER NEEDS AND SOURCE OF WATER:

Not Applicable

OPERATIONAL PLAN:

Not Applicable

CONSERVATION PLAN:

Not Applicable

DISCUSSION:

Unit A has been identified as ideal crop land because of its topography, access to water, and class B Land Study Bureau classification. An approximately 237-acre portion of Unit A-2 (see "Exhibit B") has the potential for being rented at \$100/acre/year, as opposed to \$15/acre/year under the current RP. The difference in rent revenue will be \$20,145 per year, pending classification of certain portions as untillable or orchard.

It should be noted that the current policy committee of the Board has begun to discuss a policy related to preferred types of agricultural enterprises and will likely make a recommendation to the Board as part of a broader series of policy proposals later this year. While the Board did vote to reconsider and return the 200-acre withdrawal of May 2020, staff notes that the circumstances that existed at that time are not the circumstances that exist now. In May 2020, nearly all Kalepa units were licensed or permitted at capacity. However, the Board has recently terminated Kalepa license LI-KA1412 issued to Gerald M. Sanchez for Unit J, which means Unit J, which is overgrown but otherwise ideally suited for pastoral use, is available for application¹.

Staff notes that Mr. Sanchez was advised of this pending Board action via certified mail sent on Wednesday, February 9, 2022.

RECOMMENDATION:

Based on the foregoing, staff recommends that the Board approve the termination of Revocable Permit No. RP 1802 issued to William J. Sanchez and approve the issuance of a new revocable permit to the same for up to 208 acres, more or less of Unit A-3 (see "Exhibit B"), subject to the following conditions:

¹ Staff has noted previously that there appears to be moderate interest in Unit J. It is highly likely that the application process will be competitive.

1. Actual acreage amount is yet to be determined; and
2. The revocable permit fee shall be \$15/acre/year for the remaining acreage; and
3. ADC will issue a 30-day termination notice and work with Mr. Sanchez to provide him with appropriate time to relocate his cattle and personal property to Unit A-3; and
4. Mr. Sanchez shall remove personal or farm property (see "Exhibit D") from Unit A-2 (see "Exhibit B") prior to the execution of a new permit; and
5. All other terms and conditions of RP 1802 shall remain the same.

Respectfully Submitted,



James J. Nakatani
Executive Director

EXHIBIT A

Revocable Permit No. RP 1802 Map

[see following page]

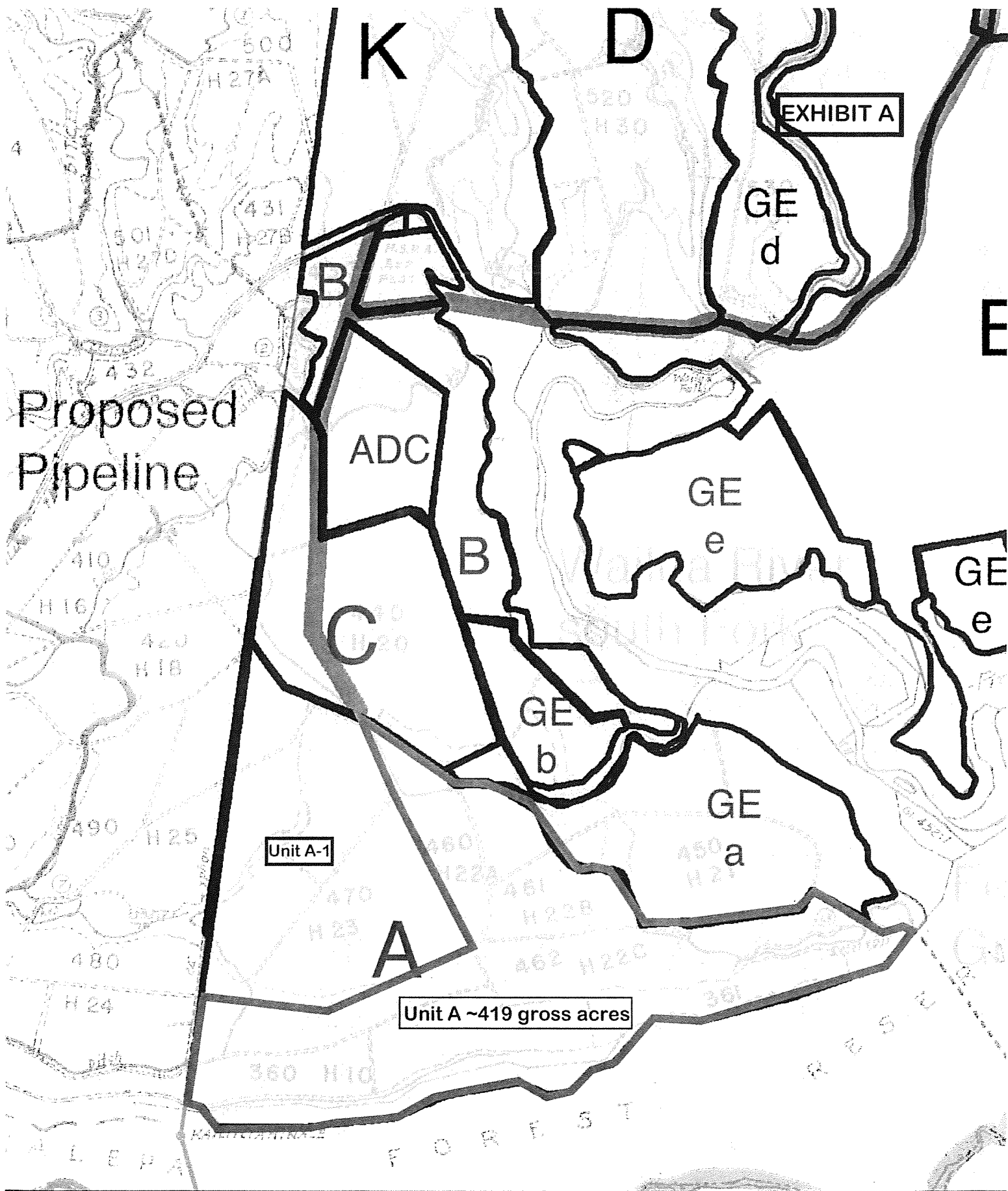


EXHIBIT B

Map of Approximate Boundaries of Units A-1, A-2, and A-3

[see following page]

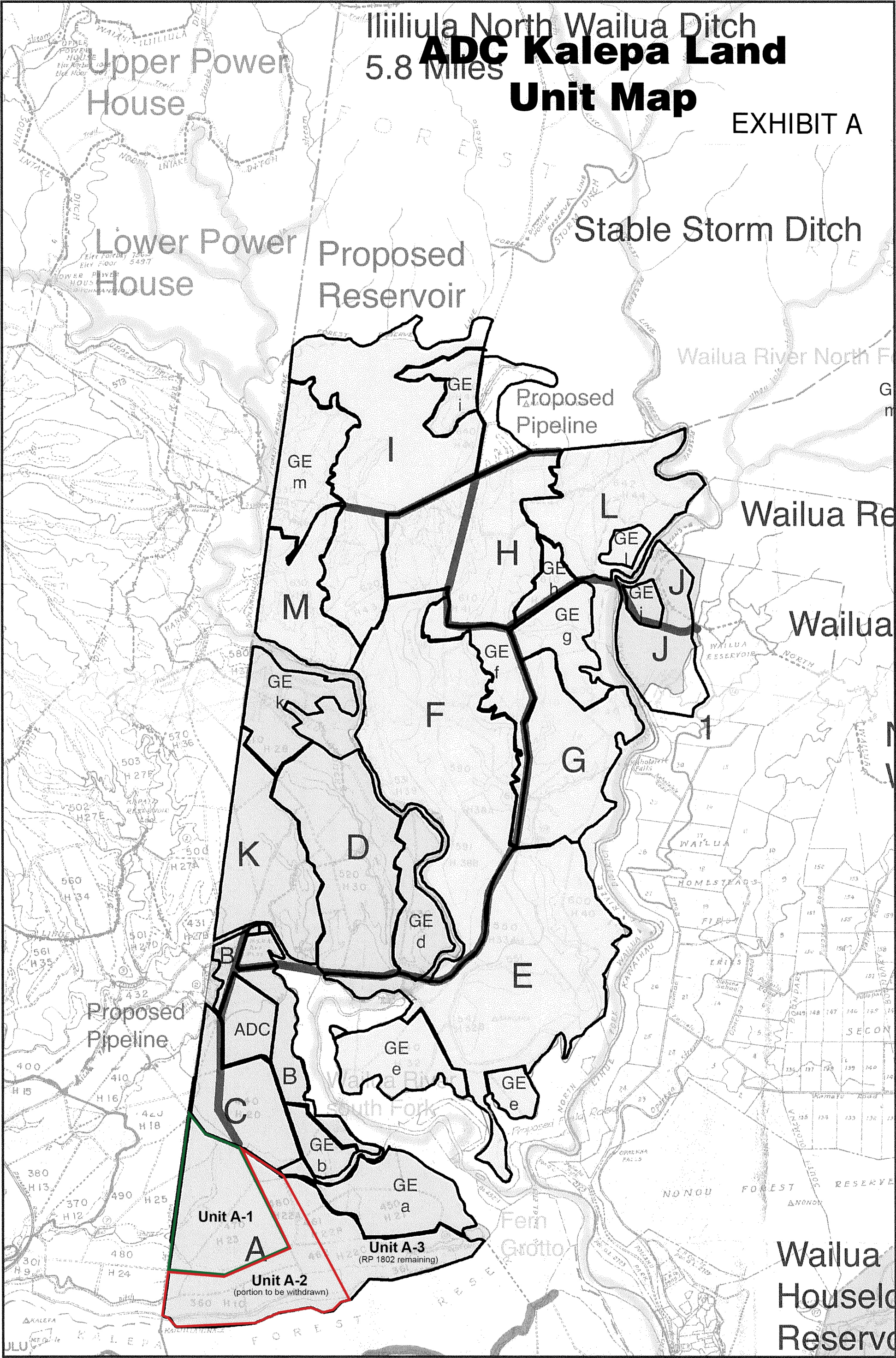


EXHIBIT C

ADC Board Meeting Minutes, June 12, 2013

[see following pages, relevant portions highlighted]

AGRIBUSINESS DEVELOPMENT CORPORATION

Minutes of the Board of Director Meeting of June 12, 2013

235 South Beretania Street, Conference Room 203, Honolulu, Hawaii 96813

Members:

Marissa Sandblom	Paula Hegele
Patrick Kobayashi	Alan Takemoto
Letitia Uyehara	David Rietow
Derek Kurisu	Duane Lau
William Tam, DLNR	Mary Alice Evans, DBEDT

Absent:

Scott Enright, DOA

Guests:

Scott Shibata, HBE	Ken Nakamoto, Sen. Dela Cruz's office
Derek Rapozo, rancher	Les Milnes, rancher
Palo Luckett, PLP	William Sanchez, rancher

Staff:

Counsel:

James Nakatani	Myra Kaichi, Deputy Attorney General
Ivan Kawamoto	
Lynn Owan	
Cindy Doi	

A. Call to order.

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

B. Approval of minutes from the May 8, 2013 meeting.

Ms. Evans moved to approve the minutes of the May 8, 2013 meeting; Mr. Lau seconded the motion; motion carried unanimously.

C. Recommendation for Approval and Adoption of Policies from the Land Development Investigative Committee for Land Licenses for Kalepa. Discussion and Action.

Mr. Rietow reviewed the Kalepa license criteria. He explained that parcels A, B & C are irrigable and are higher and better use ag lands which they would propose a short term license of 5 year terms. He also explained that of the licenses presented today for units I, D, K, M, A and E only Unit A falls within the higher and best use of the land. They went back through the appraisals and found that the licenses were okay as written. The fall back for someone who does

not want the license at the cost being proposed, could be put on a revocable permit at \$15.00 an acre. A 30 day revocable permit means that the tenant could be given a 30 day notice to vacate with no reason or cause. The third option is that the tenant could not take the land at all. Mr. Tam moved to approve the criteria of March 1, 2013; Ms. Uyehara seconded the motion; motion carried unanimously.

D. Request for Approval of Kalepa Land License for:

1. Unit I – Derek Rapozo

Mr. Kawamoto presented the recommendation as: 35 year license at a fee of \$30 per acre per year or \$4,890 per year for 163 net acres; base rent increase every 5 years at an additional 2.5% to the base rent shall be the base rent for each subsequent rent increase; required to join the Kalepa Koalition (KK) or pay a monthly maintenance fee to KK; no sublicense without the prior written approval of the ADC board.

Mr. Tam moved to approve the staff recommendation for Unit I for Derek Rapozo; Mr. Lau seconded the motion.

Mr. Rapozo was present and accepted the recommendations.

Motion carried unanimously.

2. Unit D – Antone Reis

Mr. Kawamoto presented the recommendation as: 35 year license at a fee of \$30 per acre per year or \$7,710 per year for 257 net acres; base rent increase every 5 years at an additional 2.5% to the base rent shall be the base rent for each subsequent rent increase; required to join the Kalepa Koalition (KK) or pay a monthly maintenance fee to KK; no sublicense without the prior written approval of the ADC board. Mr. Reis could not attend today however he accepted the recommendations of the 35 year license.

Mr. Tam moved to approve the staff recommendations for Unit D for Antone Reis; Ms. Hegele seconded the motion; motion carried unanimously.

3. Unit K – Elesther Calipjo

Mr. Kawamoto presented the recommendation as: 35 year license at a fee of \$30 per acre per year or \$9,000 per year for 300 net acres and \$100 per acre per year or \$543 per year for 5.43 net acres. A combined total of \$9,543 per year for the two parcels which comprise Unit K; base rent increase every 5 years at an additional 2.5% to the base rent shall be the base rent for each subsequent rent increase; required to join the Kalepa Koalition (KK) or pay a monthly maintenance fee to KK; no sublicense without the prior written approval of the ADC board. Mr. Calipjo could not attend today however he accepted the recommendations of the 35 year license.

Mr. Tam moved to approve the staff recommendations for Unit K for Elesther Calipjo; Ms. Hegele seconded the motion; motion carried unanimously.

4. Unit M – William Sanchez

Mr. Kawamoto reviewed the recommendations as: 35 year license at a fee of \$30 per acre per year or \$3,240 per year for 108 useable acres; base rent increase every 5 years at an additional 2.5% to the base rent shall be the base rent for each subsequent rent increase; required to join the Kalepa Koalition (KK) or pay a monthly maintenance fee to KK; no sublicense without the prior written approval of the ADC board.

Mr. Tam moved to approve the staff recommendations for Unit M for William Sanchez; Ms. Hegele seconded the motion.

Ms. Evans stated that at the last meeting Mr. Sanchez mentioned that the fee was appraised at the top of the range which was \$15 to \$30 an acre and it would pose a serious hardship to his operation. Did the committee take that into consideration? Mr. Rietow replied they did look over everything and the committee decided that the current rates were adequate. This is standard across the board with all the others that were approved. Mr. Nakatani recommended that we stay close to the appraisal and that \$30 is fair.

Mr. Sanchez commented that the appraisal was at \$15 to \$30 and that the committee decided to go with the higher amount which everyone else is agreeing to so he does not have a choice.

Ms. Evans opposed; motion carried.

5. Unit A – William Sanchez

Mr. Kawamoto reviewed the recommendations as: 5 year license at a fee of \$50 per acre per year or \$29,900 per year for 598 useable acres; base rent increase every 5 years at an additional 2.5% to the base rent shall be the base rent for each subsequent rent increase; required to join the Kalepa Koalition (KK) or pay a monthly maintenance fee to KK; no sublicense without the prior written approval of the ADC board.

Mr. Tam moved to approve the recommendations for Unit A for William Sanchez; Ms. Hegele seconded the motion.

Ms. Evans stated that Unit A is rated as pasture and appraised as diversified ag. Is the rate of \$50 an acre set in expectation that the tenant would go from pasture to diversified ag. Mr. Nakatani replied the justification is that Units A, B and C are slated for diversified ag and while we encourage diversified ag as higher use vs not highest and best use. There were letters received from others who are interested in licensing those lands at a higher rate. This is a 5 year license which is discounted from diversified ag's appraisal of \$100. If we want to encourage more agriculture then we need to set that rate. If the tenant cannot sustain the operation they need to give up the lands.

Ms. Evans stated that if we are trying to encourage diversified ag on this higher rated parcel, are we offering the current tenant any rent credit for any improvements that might be necessary to move from pasture to diversified ag. Mr. Nakatani replied if we had a client who was interested and made a proposal then we would consider rent credits. But at this point we have not seen that. This unit is one of the best lands that could sustain quite a bit of agriculture.

Ms. Evans asked Mr. Sanchez if it is his intent to keep it in pasture for the whole 5 years and not interested in diversified ag. Mr. Sanchez replied that he only raises cattle. Right now there is no water and the whole parcel is not farmable. Green Energy took about 100 acres from him and is only paying \$15 to \$20 an acre and after 20 years will pay \$35 an acre. Also giving only one month to vacate is a problem.

Ms. Evans stated that if we are going to segregate acres for the landfill sometime in the future does it make sense to expect Mr. Sanchez to move into diversified agriculture for five years. Mr. Nakatani stated Mr. Sanchez stated that he would not farm diversified ag. If you want to irrigate, a ditch runs through the property.

Chair clarified that it is a 5 year license at \$50 an acre per year and should the tenant not be interested in those terms it would continue as a revocable permit at \$15 an acre per year with the understanding that the ADC could cancel the RP with 30 day notice if someone else is interested in a higher use like diversified ag. Mr. Sanchez stated that 30 days is not enough time to vacate.

Chair stated that what is on the table is \$50 an acre per year so if Mr. Sanchez chooses to accept that then that would be his license term. If not, then it would be the revocable permit at \$15 an acre with 30 days notice. Mr. Sanchez stated that he cannot accept that because it would cost him 50% of his calf cost to pay for the license every year.

Mr. Sanchez withdrew the offer of a long term license. He will continue with his RP at \$15 an acre a year. Mr. Nakatani stated that the tenants had a first right of refusal so this is what we are going through now. Then thereafter any one who does not accept it, the parcel is open to others.

Mr. Milnes stated that the board has an option to increase the removal time other than 30 days. He asked if you go with a RP and entertain someone else who wants this parcel for anything less than \$50 an acre we would be doing a disservice to the current tenant. He hopes that anyone who goes with a RP instead of a higher rent cost has that option, especially cattlemen, to be able to have a longer period to remove their property.

Ms. Evan asked what longer period would be needed to relocate the cattle from the property should the ADC receive an offer for the \$50 an acre for diversified ag. If ADC chooses to approve that offer and cancel the RP when would the RP become longer than a 30 day term. Mr. Tam replied they could negotiate with the executive director and work it out. Mr. Nakatani replied RPs are somewhat flexible and it would depend on the timetable of who comes in. Ms. Kaichi stated that it is a type of land management issue or decision that needs to be made. The board could delegate it to staff for the ability to manage the lands, given the terms of each tenants RP. Whether it is more than a case by case decision should come before the board.

6. Unit E – Leslie Milnes

Mr. Kawamoto reviewed the recommendations as: 35 year license at a fee of \$30 per acre per year or \$11,910 per year for 397 net acres; base rent increase every 5 years at an additional 2.5% to the base rent shall be the base rent for each subsequent rent increase; required to join the Kalepa Coalition (KK) or pay a monthly maintenance fee to KK; no sublicense without the prior written approval of the ADC board.

Mr. Tam moved to approve; Ms. Hegele seconded the motion.

Mr. Milnes commented on the recommendation. He wants to continue on the property although he appealed to the board for the first five years reduce the rent to \$20 an acre a year then the next 5 years at \$30 an acre a year. He also said to look at the map of Unit E which about two thirds of the property is improved. In the middle of the property is the Puu Aahoaka which segregates the 530 acres. The flume is about 250 acres of wastelands. He stated that he looked at the appraisal and the fee rate was based on acreage – smaller parcels higher rent, larger parcels less rent. All the parcels before the board are about 200 to 300 acres. It would take him a couple of years to get established with the additional fencing. If the board could give him some flexibility on the initial five years he would appreciate it at \$20 an acre. Otherwise, he wants to make it work and will try to survive the first five years at \$30 an acre.

Ms. Evans moved to amend the motion by amending the recommendation to \$20 an acre a year for the first five years to invest in additional fencing and the cost to reduce his herd to comply with his conservation plan; Mr. Kobayashi seconded the motion.

Mr. Tam asked for some policy direction. Ms. Evans said there needs to be a principle. ADC's mission is to promote agriculture and not make the most money as we possibly can. Agriculture needs assistance to survive. If we have an appraisal range and the tenant wants to invest but cannot afford to invest at the highest point of the range then we should take that into consideration. Mr. Tam wanted to know what the rules are going to be for existing and new farmers. He does not want people to claim that someone received a better rate than another.

Mr. Rietow commented that a rent reduction is not the way to go because you already established \$30 an acre for everyone and now there is a rent reduction for a tenant for improvements. The concept we had with Larry Jefts is a better one where we come up with structured rent reduction based on capital expenditures. If we leave Mr. Milnes' rent as is, he recommends we come up with a rent reduction based on capital expenditures which could be a percentage over time. We could have staff do that then it can apply to everyone who is in the cattle business at Kalepa.

Mr. Nakatani commented that there is pressure that if a tenant did not want his land others would like to have it at \$30 an acre with no questions asked. The current tenants had the lands since 2001 at a very low rate. It was the tenant's choice to put improvements on their property. If we reduce the rent, the others up for licenses will also request for reduced rents.

Mr. Tam asked that the land development committee come back with a recommendation for capital improvement credits. That would help to understand the rules that could be applied to

whoever has a current license. Mr. Rietow suggested that the board approve Mr. Milnes' license today then go back to the land development committee to come up with rent credits.

Ms. Evans withdrew her motion and suggested to defer this to the land development committee to discuss how rent credits can be applied to all ranch licenses.

Ms. Evans moved to defer Unit E for Leslie Milnes until after the land development committee meets; Mr. Tam seconded the motion; motion carried unanimously.

Mr. Rietow clarified that we have existing licenses that were approved. If we do establish rent credits it would apply to everyone. Mr. Nakatani stated we should select the best farmers to promote agriculture for the Kalepa lands. The tenants have had over ten years of rent credits, in a way, being that the rent is very low.

E. Update of Financial Reporting.

This item is deferred because Mr. Enright is sick.

F. Request for Approval of the Assignment of Interest in and to Licensee Konohiki Hydro Power, LLC to Kruger Energy (USA) Acquisition Inc.

Mr. Tam left the room while the board discusses this item.

Chair commented that at our last meeting the board approved that PLP had sufficient evidence of adequate funding. This is now for the approval of the transfer from Konohiki to Kruger Energy.

Mr. Rietow moved to approve the transfer; Ms. Hegele seconded the motion.

Mr. Luckett clarified that this item is section 81 of their land license which is a consent for the ADC Board that is bound to provide consent given the fact that Kruger Energy has authority interest.

Motion carried unanimously.

G. Investigative Committees - Updates and Reports.

1. Infrastructure Protection – none
2. Land Development – Mr. Rietow stated that the committee is working on a summary of the Konohiki project that was requested by Mr. Nakatani. This is to summarize what the project is, based on all the current information available. Also will work on the rent credit proposal for Kalepa that was discussed today. The concept needs to be discussed as a whole then it can be applied differently depending on the type of farming or ranching. Ms. Evans thought that BOA has a general policy which could be a starting point.
3. Marketing and Promotion – Mr. Kurisu said he has a television show and he would like to do a segment on what ADC is doing. He would like to do two or three minute

spots to market ADC. Also this would keep the people who we fund, accountable. He would bring it to the Board so we can look and approve it before it is aired. A suggestion was to put it on ADC's website for the public to view.

4. Emerging Opportunities – Ms. Uyehara reported that a letter was prepared that will go to private and public entities who are involved in agriculture to try and grow new farmers. The letter would be asking the entities to let us know what kinds of programs they have in place and we would keep track. This would be able to help farmers learn where to go and how to go about being a new farmer. Ms. Evans stated there is a program called Ag Curious that CTAHR is putting on in Waimanalo for potential farmers. Could we look into trying to collaborate with them. A timeframe needs to be added to the letter.

Mr. Tam suggested that we ask the CTAHR's dean to come to the Board and make a presentation. Also an excursion was suggested to visit some of CTAHR's programs.

H. Elections of ADC Chair and Vice-Chair.

Mr. Kurisu moved to appoint Ms. Uyehara as chair and Mr. Takemoto as vice chair. Ms. Evans seconded the motion. Mr. Takemoto reported this was the recommendation from the committee. Motion carried unanimously.

I. Executive Director's Reports and Updates.

Mr. Nakatani reviewed his executive director's report. He mentioned that this would be the last meeting for Marissa Sandblom and Paula Hegele and thanked them for their service.

Mr. Tam stated that on Galbraith lands the criteria needs to be worked on. Mr. Nakatani replied the plan is to have criteria for smaller farmers getting on the land. Maybe form another committee to review all the applications to look at marketability, then have a ranking system for each farmer.

J. Adjourn.

Meeting adjourned at 10:40 am.

Respectfully submitted,

Cindy Doi
secretary

EXHIBIT D









DAVID Y. IGE
Governor

JOSH GREEN
Lt. Governor



JAMES J. NAKATANI
Executive Director

Item F

STATE OF HAWAII
AGRIBUSINESS DEVELOPMENT CORPORATION

235 S. Beretania Street, Room 205
Honolulu, HI 96813
Phone: (808) 586-0186 Fax: (808) 586-0189

ADC Executive Director's Update
February 16, 2022

1. Whitmore

Whitmore Food Hub



Last session, the Legislature allocated \$28 million for infrastructure improvements and vertical construction in Whitmore to the Hawaii Department of Agriculture and the University of Hawaii which was delegated to the Department of Accounting and General Services (DAGS). The ADC is working with DAGS to prepare a request to release the allotment of \$28,000,000 to construct site improvements and agricultural warehouses within the Whitmore Food Hub.

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REPI/Encroachment Partnering – Whitmore Annex Update

UNCLASSIFIED / FOUO



Encroachment Partnering JBPHH Wahiawa Annex Buffer Military Influence Area (MIA) Parcels – Prioritized Map

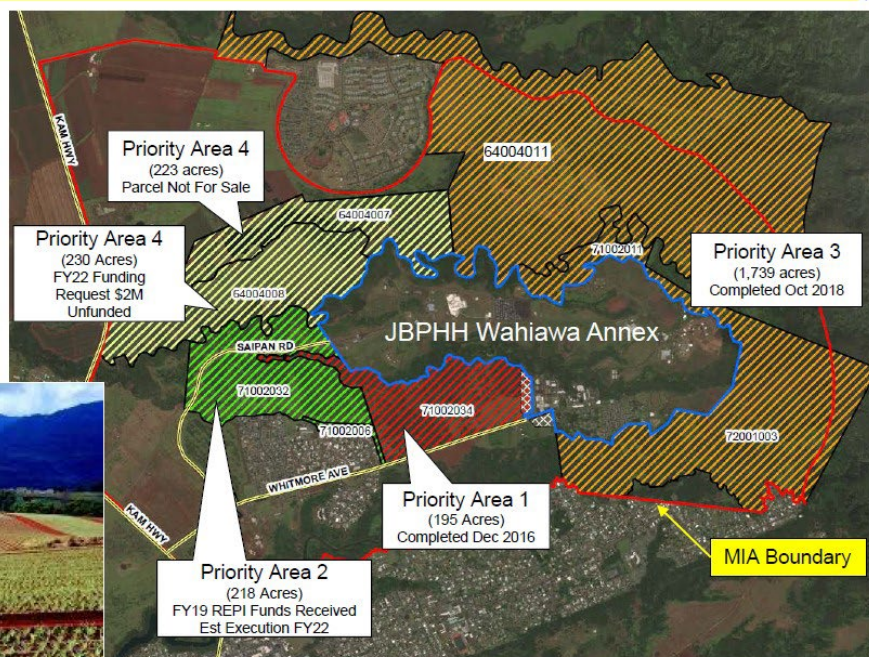


Mission: Communications

- Established 1940/41
- 700 acres
- Surrounded by former pineapple fields, gulches, forested areas

Encroachment Concerns:

- Maintain security buffer
- Antenna line of sight obstructions
- Incompatible land uses
- Foreign investment/National security threats



The ADC is in discussion with the U.S. Navy to sell restrictive use easements (RUE) on ADC lands surrounding the Joint Base Pearl Harbor-Hickam (JBPHH) Wahiawa Annex. The Navy has an interest in preventing interference with the transmission of communications, preserve the agricultural use of the land, and prevent other uses that would be incompatible with the military mission and operations and has the capability and funding to pay the fair market value of an RUE, up to 50% of the full value of the underlying fee simple interest. In 2016, the ADC acquired 195 acres in Whitmore (Priority Area 1) from the Trust For Public Lands (TPL). TPL first purchased the 195 acres and simultaneously placed an RUE on the property and transferred the encumbered property to ADC at half the value of the fee, saving the State \$1.8 million.

2. Legislative Update

2022 Legislative Session Bill Tracking

The ADC is tracking several bills related to agriculture, composting reimbursement, pesticide waste disposal, food hubs, and Food Safety Modernization Act (FSMA). The following Legislative bills related to ADC:

- SB 2480 – Relating to the Wahiawa Irrigation System

This measure authorizes the issuance of bonds to the Department of Land and Natural Resources and ADC to purchase the Wahiwa Irrigation System, which includes Lake Wilson.

- SB 3096 – Making an emergency appropriation to the Department of Education for an agriculture innovation center

This measure Provides an emergency appropriation for the Department of Education to build an agriculture innovation center in Kekaha.

- SB2473 – Relating to Economic Development

This measure transfers the ADC from the Hawaii Department of Agriculture to the Department of Business, Economic Development, and Tourism.

- HB 2418 – Relating to Agriculture

This measure amends the focus, scope, and management of the ADC. Appropriates funds to ADC for a consultant for planning, and accountant, and for security on ADC property.

ADC Financial Audit Report

On February 2, 2022 the State Auditor completed the draft financial audit of ADC. The State Auditor contracted Accuity to audit ADC's financial statements of the governmental activities and each major fund of the ADC as of and for the year ended June 30, 2019. The Auditors recommend that management assess the current capabilities of its employees and either (a) hire accounting personnel with the requisite knowledge and skill to prepare financial statements in accordance with GAAP or (b) procure the services of a qualified provider to assist with the preparation of financial statements in accordance with GAAP. The ADC is reviewing the draft report and will be meeting with Accuity to finalize the audit report.