

Board of Agriculture Meeting

October 26, 2021, 9:00am

Agenda Item IV.A.5: Request for Approval of Extension of Lease Term, Hawaii
Beef Lease

Chair Shimabukuro-Geiser and Members of the Board of Agriculture,

Mahealani Ranch supports the extension of the Pa'auilo lease to Hawaii
Sustainable Beef (HSB).

HSB has already demonstrated their commitment to the Hawaii cattle industry.
The approval of the extension of the lease will enable HSB to move forward
immediately with these plans.

Barbara Nobriga
Mahealani Ranch

Nakamura, Gayle M

From: Doug Beaton <puuwairanch@gmail.com>
Sent: Monday, October 25, 2021 4:17 PM
To: HDOA.BOARD.TESTIMONY
Subject: [EXTERNAL] Testimony - Resubmittal Request for Approval of Extension of Lease Term, Hawaii Beef Lease, LLC

I support the extension of the lease for Hawaii beef LLC. The fact that they will be putting in private money back into the plant to increase capacity will be good for the industry. I hope this will enable them to expand their operation, create more jobs and invest in building the processing of beef cattle in Hawaii.

Mahalo
Doug Beaton

Sent from my iPhone

KAPAPALA RANCH
P. O. Box 537
Pahala, HI 96777
Kapapala.ranch@aol.com; lanipetrie@aol.com

**Hawaii Board of Agriculture
Meeting**

October 26, 2021

Chair Shimabukuru-Geysler and Members of the Board of Agriculture

Subject: Lease Renewal of Hawaii Beef Producers, Paauilo, HI

Thank you for the opportunity to testify. I am Lani Petrie co-owner of Kapapala Ranch and am testifying in support of the lease extension for the HBP facility at Paauilo.

Our operation since the mid-nineties has been only able to market a fraction of the cull cows and bulls that should be harvested annually.

From 2017 through 2020 the cumulative total culls from our Ranch marketed through the Paauilo facility has been 210 head for an average of 53 animals per year. This is less than 20% of the culls we have needed to market annually. In that same time period we marketed 425 head through other plants for an annual average of 106 head which is an additional 35% of what we should market. With the current plant capacities on the Big Island we have been barely able to market half of the number of animals necessary for good management practices.

In 2021 we began marketing our cattle through the Hawaii Meats plant on Oahu and within 8 months have already sold 218 head. That's more cattle than we sold to HBP in four years. We would like to be able to ship more of these animals through Paauilo rather than having to inter-island barge them. With our understanding of Mr. Vandersloot's plans we envision being able to not only market more than half of our culls, but probably be able to have more of them slaughtered on the Big Island and carcasses shipped to Oahu which would be great.

We support the efforts of Mr. Vandersloot and his expansion of the Paauilo plant. He has kept his word to us and we are seeing our ability to increase the number of cull cows and bulls that we are now able to move through both of his plants.

Very Sincerely,

Lani C. Petrie



The Senate

STATE CAPITOL
HONOLULU, HAWAII 96813

October 25, 2021

Subject: **In SUPPORT of Agenda Item A4** - Request for Consent to Assignment of General Lease No. S-5586

Chair Shimabukuro-Geiser and Hawaii Board of Agriculture Members,

I am pleased to submit testimony in favor of Hawaii Secure Foods' lease transfer request. During a recent visit to the Big Island Dairy site, I was able to meet the new owners, Stephanie and Chad Buck, and tour the facility to ascertain the value of both the dairy and its state-of-the-art processing facility. Prompt action on this request will allow the Bucks to move forward with their plans to put this highly valuable asset to use in the statewide effort to increase food security while laying the foundation for a circular economy.

As part of this site visit, I was able to introduce the Bucks to Alexia Akbay of Symbrosia, Pomai Freitas, who has taken over the Panaewa Feed Mill, and Mike DuPonte, who worked for CTAHR as an animal husbandry specialist and is well known throughout the state as a key leader in Hawaii's Korean Natural Farming movement. These three work together as part of the Akamai Working Group and the synergy I witnessed between these parties leaves no doubt in my mind that approving this request will support Hawaii Island's agricultural sustainability movement in a meaningful way.

Respectfully,

Senator Laura Acasio
Senate District 1 – Hilo
Hawaii State Senate
415 S. Beretania Street, Suite 203
Honolulu, Hawaii 96813
Phone: (808) 586-6821



October 25, 2021

Hawai'i Department of Agriculture
Office of the Chairperson
1428 S. King St
Honolulu, HI 96814

Dear Chairperson and Members of the Board,

As a dairyman and on behalf of Meadow Gold Dairies Hawai'i, I support the transfer of lease from Big Island Dairy LLC to Hawaii Secure Foods LLC.

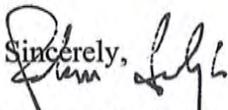
The key is executing this plan in harmony with the environment and communities. Additionally, we must become one hundred percent self-sufficient in local feed as the former model of importing feed for milk production is no longer economically sustainable nor competitive.

Lastly it is my humble opinion that there needs to be accountability of taking action and bringing the dairy farms in to production.

There are several state parcels that have been granted for dairy production and the farms still don't exist several years later, some over decades.

The assets that are provided for this cause are valued at tens of millions of dollars but priced at a fraction, which can be justified to help dairy and agriculture, but in return there should be accountability and execution.

As the original developer and owner of the Ookala Dairy with a vested interest in the future of Hawai'i's dairy industry I extend any support to this cause and to the new owners of Ookala Dairy.

Sincerely,


Bahman Sadeghi
Managing Member
Meadow Gold Dairies Hawai'i

Nakamura, Gayle M

From: Michelle Galimba <mgalimba@kuahiwiranch.com>
Sent: Sunday, October 24, 2021 5:50 PM
To: HDOA.BOARD.TESTIMONY
Subject: [EXTERNAL] TESTIMONY item A-4 Hawaii Secure Foods
Attachments: testimony HSF 10.23.21.pages

Board of Agriculture
Hawai'i Department of Agriculture
Aloha Board Members

I would like to express my strong support for Item A-4: Assignment of General Lease No. S-5586; Big Island Dairy, LLC, Lessee/Assignor, to Hawaii Secure Foods, LLC, Assignee.

This assignment has the possibility of turning the corner on an unfortunate episode for agriculture in Hawai'i. Hawai'i Secure Foods LLC (HSF) has stepped up to the plate to keep the dairy processing equipment - which was in danger of being disassembled and shipped out of state - here in Hawai'i at the O'okala site. Even more importantly have invested the time to connect with the local community in O'okala to listen to their concerns and to get feedback on future plans for the site. The management of HSF have also consulted with local experts in livestock agriculture. Their plan to start with a small grass-fed dairy and value-added dairy processing is reasonable and prudent, and is acceptable to the local community.

This property, with its infrastructure and equipment intact, has tremendous potential to benefit the entire island and State as a food resilience and economic asset. The operators of HSF have a stellar record of success in the food distribution business, and extensive access to retail outlets. This will give their agricultural endeavors a head-start and an excellent chance of success, especially as they have the good-will of the the community. This facility has the potential have a positive impact for multiple agricultural industries on Hawai'i island - from livestock to fruit and nut producers, to value-added manufacturers to food hubs - by providing infrastructure and processing facilities, as well as potential market access.

Thank you for your consideration.

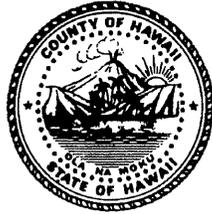
Sincerely yours,

Michelle Galimba

HEATHER L. KIMBALL

Council Member

*Chair, Committee on Governmental Operations,
Relations and Economic Development
Council District 1*



Contact Information
(808) 961-8828
(808) 961-8018 (staff)
heather.kimball@hawaiicounty.gov

HAWAI'I COUNTY COUNCIL

*County of Hawai'i
Hawai'i County Building
25 Aupuni Street, Suite 1402
Hilo, Hawai'i 96720*

DATE: October 25, 2021
TO: Board of Agriculture Members
FROM: Heather Kimball, Council Member
SUBJECT: Support for Consent to Assignment of General Lease No. S-5586

Dear Members of the Board of Agriculture,

I am writing to express my support for the consent to assign the general lease No. S-5586 to Hawaii Secure Foods, LLC. I have had the opportunity to meet and work with the Buck's over the past few months and believe that they will be good stewards of this land. Being that 'Ō'ōkala is an historically agricultural community, Buck's lease will be in line with the traditional uses of the area, and having a dairy in this area again will improve food security in Hawaii County. I am confident that the Buck's will continue to engage the area residents to determine what is the best for the community at large and for our local ecosystem.

Thank you in advance for your time,

Heather Kimball
Hawaii County Council Member
District 1

HK:jlk



The Senate

STATE CAPITOL
HONOLULU, HAWAII 96813

October 25, 2021

Subject: **In SUPPORT of Agenda Item A4** - Request for Consent to Assignment of General Lease No. S-5586

Chair Shimabukuro-Geiser and Hawaii Board of Agriculture Members,

I am pleased to submit testimony in favor of Hawaii Secure Foods' lease transfer request. During a recent visit to the Big Island Dairy site, I was able to meet the new owners, Stephanie and Chad Buck, and tour the facility to ascertain the value of both the dairy and its state-of-the-art processing facility. Prompt action on this request will allow the Bucks to move forward with their plans to put this highly valuable asset to use in the statewide effort to increase food security while laying the foundation for a circular economy.

As part of this site visit, I was able to introduce the Bucks to Alexia Akbay of Symbrosia, Pomai Freitas, who has taken over the Panaewa Feed Mill, and Mike DuPont, who worked for CTAHR as an animal husbandry specialist and is well known throughout the state as a key leader in Hawaii's Korean Natural Farming movement. These three work together as part of the Akamai Working Group and the synergy I witnessed between these parties leaves no doubt in my mind that approving this request will support Hawaii Island's agricultural sustainability movement in a meaningful way.

Respectfully,

Senator Laura Acasio
Senate District 1 – Hilo
Hawaii State Senate
415 S. Beretania Street, Suite 203
Honolulu, Hawaii 96813
Phone: (808) 586-6821

State of Hawaii
Department of Agriculture
Agricultural Resource Management Division
1428 S. King Street
Honolulu, HI 96814

RE: Resubmittal Request for Approval of Extension of Lease Term, General Lease Nos. S-7000, S-7014, S-7015 and S-7016; Hawaii Beef Lease, LLC, Lessee; TMK: 3rd Div/4-3-005:002; 3rd Div/4-3-005-002-5002; 3rd Div/4-3-005-002-5003 and 3rd Div/4-3-005-002-5004, Hamakua Agricultural Park, Pohakuhaku and Kemau 1st, Hamakua District, Island of Hawaii, Hawaii

My name is Ryan Rivera. I am a small rancher on the island of Kauai. I have been ranching/farming for 25 years. I strongly **support** the approval of extension of lease term for general lease nos. S-7000, S-7014, S-7015, and S-7016.

I am familiar with the Paauilo facility and no one to date has put money in to bring about improvements. I support Hawaii Sustainable Beef Enterprises' efforts to provide the resources to renovate the aging facility.

Thank you for the opportunity to give testimony on this matter.

Sincerely,
Ryan Rivera

October 23, 2021

State of Hawaii

Department of Agriculture

Agricultural Resource Management Division

1428 S. King Street

Honolulu, HI 96814

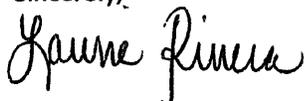
RE: Resubmittal Request for Approval of Extension of Lease Term, General Lease Nos. S-7000, S-7014, S-7015 and S-7016; Hawaii Beef Lease, LLC, Lessee; TMK: 3rd Div/4-3-005:002; 3rd Div/4-3-005-002-5002; 3rd Div/4-3-005-002-5003 and 3rd Div/4-3-005-002-5004, Hamakua Agricultural Park, Pohakuhaku and Kemaui 1st, Hamakua District, Island of Hawaii, Hawaii

My name is Laurie Rivera. I am a small rancher on Kauai island. I have been ranching/farming for 30 plus years. I strongly support the approval of extension of lease term for general lease nos. S-7000, S-7014, S-7015, and S-7016.

I am familiar with the Paauilo facility and no one to date has put money in to bring about improvements. I support Hawaii Sustainable Beef Enterprises' efforts to provide the resources to renovate the aging facility.

Thank you for the opportunity to give testimony on this matter.

Sincerely,

A handwritten signature in cursive script that reads "Laurie Rivera".

Nakamura, Gayle M

From: Bobby Farias <bobby@hawaii meats.com>
Sent: Saturday, October 23, 2021 4:33 PM
To: HDOA.BOARD.TESTIMONY
Subject: [EXTERNAL] Testimony Extension of Lease General Lease Nos. S-7000, S-7014, S-7015 and S-7016

October 23, 2021

State of Hawaii

Department of Agriculture

Agricultural Resource Management Division

1428 S. King Street

Honolulu, HI 96814

RE: Resubmittal Request for Approval of Extension of Lease Term, General Lease Nos. S-7000, S-7014, S-7015 and S-7016; Hawaii Beef Lease, LLC, Lessee; TMK: 3rd Div/4-3-005:002; 3rd Div/4-3-005-002-5002; 3rd Div/4-3-005-002-5003 and 3rd Div/4-3-005-002-5004, Hamakua Agricultural Park, Pohakuhaku and Kemau 1st, Hamakua District, Island of Hawaii, Hawaii

My name is Bobby Farias, I am a 3rd generation Rancher from Kauai and part owner of the Oahu State harvest facility. My partner Frank VanderSloot and I have worked very hard to increase the harvest, processing and sales opportunities here in Hawaii over the last few years. Over the last 10 years I have been working very hard to put some of the missing pieces together with many others in the Agriculture and Ranching industry to keep our food system alive and growing. My passion and background is focused on the Ranching side of the Agriculture industry in Hawaii. The Ranching industry has made great strides over the last 5 years. Opportunities for the Rancher and the consumer in Hawaii are better than its been in a long time. The available market share for the Local Rancher is better and the land available is stronger. What Hawaii needs is to continue to grow this opportunity. To continue to work towards a Food secure Hawaii and a thriving and profitable Agriculture industry. One that can support it self and its community.

The way to this better Agriculture future is expansion, stability and volume. All off this requires investment, hard work and dedication. The Department of Agriculture granted a lease extension for the Oahu facility and this has resulted in the ability to make necessary investments and upgrades to both the building and the equipment we operate with. The Oahu facility has gone through extensive upgrades and as a result can service many more Local Ranchers that intern provide many more retail and restaurant product availability. The lease extension has made all of this possible and has stabilized the opportunities for the Ranching community. With the extension of the lease the Rancher can now plan far out in advance and grow the multigenerational Local Family Ranch.

I am asking that you extend the Paauilo facility lease so the Hawaii Ranching community can find even more opportunity, stability and comfort in keeping the Family Ranch alive. For Hawaii to become food secure we will need a system in place that gives a stable and long term environment for growth. The extension of the Paauilo lease will do that. The lease extension will allow the upgrades and improvements to be made that will insure the Ranchers of Hawaii will have a long and strong future to look forward to and be confident that the Hawaii Rancher and the Ranching community will live on.

Thank you for the opportunity to give testimony on this matter.

Sincerely,

Bobby Farias

Local Rancher

Hawaii Meats LLC

Nakamura, Gayle M

From: Kanoë Schutte <kanoeschutte_fks@hotmail.com>
Sent: Saturday, October 23, 2021 11:05 PM
To: HDOA.BOARD.TESTIMONY
Subject: [EXTERNAL] Testimony for HBP lease extension

Saturday, October 23 2021

State of Hawaii
Department of Agriculture
Agricultural Resource Management Division
1428 S. King Street
Honolulu, HI 96814

RE: Resubmittal Request for Approval of Extension of Lease Term, General Lease Nos. S-7000, S-7014, S-7015 and S-7016; Hawaii Beef Lease, LLC, Lessee; TMK: 3rd Div/4-3-005:002; 3rd Div/4-3-005-002-5002; 3rd Div/4-3-005-002-5003 and 3rd Div/4- 3-005-002-5004, HamakuaAgricultural Park, Pohakuhaku and Kemau 1st, HamakuaDistrict, Island of Hawaii, Hawaii

My name is Kanoë. I am a small rancher on the Big island. I have been ranching for about 10 years and 20 years that has been in our family. I strongly **support** the approval of extension of lease term for general lease nos, S-7000, S-7014, S-7015, and S-7016.

I have processed livestock at the Paauilo slaughterhouse for many of years. The processing facility is old and in dire need of renovations. This lease extension will allow for those renovations to be taken care of. I support the request for a lease extension.

2. I am familiar with the Paauilo facility and no one to date has put money in to bring about improvements. I support Hawaii Sustainable Beef Enterprises' efforts to provide the resources to renovate the aging facility.

Thank you for the opportunity to give testimony on this matter.

Sincerely,
Kanoë Schutte

Sent from my iPhone

October 24, 2021

State of Hawaii

Department of Agriculture

Agricultural Resource Management Division

1428 S. King Street

Honolulu, HI 96814

RE: Resubmittal Request for Approval of Extension of Lease Term, General Lease Nos. S-7000, S-7014, S-7015 and S-7016; Hawaii Beef Lease, LLC, Lessee; TMK: 3rd Div/4-3-005:002; 3rd Div/4-3-005-002-5002; 3rd Div/4-3-005-002-5003 and 3rd Div/4-3-005-002-5004, Hamakua Agricultural Park, Pohakuhaku and Kemau 1st, Hamakua District, Island of Hawaii, Hawaii

My name is Jeffery Rivera. I am a small rancher on Kauai island. I have been ranching/farming for 30 plus years. I strongly support the approval of extension of lease term for general lease nos. S-7000, S-7014, S-7015, and S-7016.

I am familiar with the Paauilo facility and no one to date has put money in to bring about improvements. I support Hawaii Sustainable Beef Enterprises' efforts to provide the resources to renovate the aging facility. This is a much needed facility for Hawaii.

Thank you for the opportunity to give testimony on this matter.

Sincerely,

A handwritten signature in black ink that reads "Jeffery Rivera". The signature is written in a cursive style with a large, stylized "J" and "R".

Nakamura, Gayle M

From: James Duffy <jamesduffy1567@gmail.com>
Sent: Sunday, October 24, 2021 4:22 PM
To: HDOA.BOARD.TESTIMONY
Subject: [EXTERNAL] Testimony - Resubmittal Request for Approval of Extension of Lease Term, Hawaii Beef Lease, LLC

I am Jim Duffy, owner of 4-J Livestock Company and a retired Hawaii Supreme Court Justice. I strongly support the application of Hawaii Beef Lease, LLC for an extension of its lease for the slaughter facility in Paauilo. I am familiar with the tremendous investment made by Hawaii Beef on Oahu and encouraged by Hawaii Beef's commitment to invest additional millions of dollars in the Paauilo facility if it receives the requested extension. Without this extension, additional investment does not make financial sense, considering the limited term remaining on its current lease, and the State's reversionary interest in improvements at the termination of the lease. I respectfully request that the extension be granted. Thank you.

Nakamura, Gayle M

From: Robert Farias <fariasr003@hawaii.rr.com>
Sent: Sunday, October 24, 2021 5:49 PM
To: HDOA.BOARD.TESTIMONY
Subject: [EXTERNAL] TESTIMONY

October25, 2021

State of Hawaii
Department of Agriculture
Agricultural Resource Management Division
1428 S. King Street
Honolulu, HI 96814

RE: Resubmittal Request for Approval of Extension of Lease Term, General Lease Nos. S-7000, S7014, S-7015 and S-7016; Hawaii Beef Lease, LLC, Lessee; TMK: 3rd Div/4-3-005:002; 3rd Div/4-3-005-002-5002; 3rd Div/4-3-005-002-5003 and 3rd Div/4-3-005-002-5004, Hamakua Agricultural Park, Pohakuhaku and Kemau 1st, Hamakua District, Island of Hawaii, Hawaii

My name is Robert J. Farias, Sr. I am a small rancher on Kauai island. I have been ranching for 45 years. I strongly SUPPORT the approval of extension of lease term for general lease nos. S-7000, S-7014, S-7015, and S-7016.

1. I am familiar with the Paauilo facility and no one to date has put money in to bring about improvements. I support Hawaii Sustainable Beef Enterprises' efforts to provide the resources to renovate the aging facility.

Thank you for the opportunity to give testimony on this matter.

Sincerely,

Robert J. Farias, Sr.

State of Hawaii
Department of Agriculture
Agricultural Resource Management Division
1428 S. King Street
Honolulu, HI 96814

RE: Resubmittal Request for Approval of Extension of Lease
Term, General Lease Nos.
S-7000, S-7014, S-7015 and S-7016; Hawaii Beef Lease, LLC,
Lessee; TMK: 3rd Div/4-
3-005:002; 3rd Div/4-3-005-002-5002; 3rd Div/4-3-005-002-
5003 and 3rd Div/4- 3-005-
002-5004, Hamakua Agricultural Park, Pohakuhaku and Kemau
1st, Hamakua District,
Island of Hawaii, Hawaii

My name is James Sarme. I am a supporter of ranching and
local beef on Kauai island. I strongly support the approval of
extension of lease term for general lease nos. S-7000, S-7014, S-
7015, and S-7016.

I am familiar with the Paauilo facility and no one to date has put
money in to bring
about improvements. I support Hawaii Sustainable Beef
Enterprises' efforts to
provide the resources to renovate the aging facility. This is a
much needed facility for Hawaii.

Thank you for the opportunity to give testimony on this matter.
Sincerely,

James M Sarme

Alan Wong's Consulting Company
P.O. Box 11007
Honolulu, Hawaii 96828

October 25, 2021

State of Hawaii
Department of Agriculture
Agricultural Resource Management Division
1428 S. King Street
Honolulu, HI 96814

TESTIMONY RE: Resubmittal Request for Approval of Extension of Lease Term, General Lease Nos. S-7000, S-7014, S-7015 and S-7016; Hawaii Beef Lease, LLC, Lessee; TMK: 3rd Div/4-3-005:002; 3rd Div/4-3-005-002-5002; 3rd Div/4-3-005-002-5003 and 3rd Div/4-3-005-002-5004, Hamakua Agricultural Park, Pohakuhaku and Kemau 1st, Hamakua District, Island of Hawaii, Hawaii

My name is Alan Wong. As a founding chef of Hawaii Regional Cuisine, I care a lot about Hawaii's food production, supply and future food sustainability.

I strongly support the approval of extension of lease term for general lease nos. S-7000, S-7014, S-7015, and S-7016.

I support expanding capacity to bring more local beef to restaurants. We need more supply. There is a tremendous demand from the public for local beef. The current problem is that there is not enough processing capacity on any of the islands and much of the beef produced in Hawaii is sent to the mainland.

Hawaii Beef Producers wants to expand their plant. They want to use their own money. But it is understandable that they need to extend the lease in order to get a return on their investment.

There is no way that Hawaii can become more sustainable in local beef unless we have more capacity. The public needs this and the local restaurants need this. And Hawaii needs this! Otherwise, we will continue to be held captive by beef imports from the mainland and elsewhere. Please approve the extension of the lease term for the Paauilo processing plant.

Thank you for the opportunity to give testimony on this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Alan Wong", with a large, stylized flourish at the end.

October 26, 2021

State of Hawaii
Department of Agriculture
Agricultural Resource Management Division
1428 S. King Street
Honolulu, HI 96814

RE: Resubmittal Request for Approval of Extension of Lease Term, General Lease Nos. S-7000, S-7014, S-7015 and S-7016; Hawaii Beef Lease, LLC, Lessee; TMK: 3rd Div/4-3-005:002; 3rd Div/4-3-005-002-5002; 3rd Div/4-3-005-002-5003 and 3rd Div/4-3-005-002-5004, Hamakua Agricultural Park, Pohakuhaku and Kemau 1st, Hamakua District, Island of Hawaii, Hawaii

I am Vanessa Stevens; my husband and I are cattle ranchers on Hawaii island. We have been ranching for over 11 years. I strongly **support** the approval of extension of lease term for general lease nos. S-7000, S-7014, S-7015, and S-7016.

1. We have processed livestock at the Paauilo slaughterhouse for 10 years. The processing facility is old and in dire need of renovations. This lease extension will allow for those renovations to be taken care of. I support the request for a lease extension.
2. I am familiar with the Paauilo facility and no one to date has put money in to bring about improvements. I support Hawaii Sustainable Beef Enterprises' efforts to provide the resources to renovate the aging facility.

Thank you for the opportunity to give testimony on this matter.

Sincerely,

Vanessa Stevens
SC Ranch CO.
Pauauilo, HI

October 26, 2021

State of Hawaii
Department of Agriculture
Agricultural Resource Management Division
1428 S. King Street
Honolulu, HI 96814

RE: Resubmittal Request for Approval of Extension of Lease Term, General Lease Nos. S-7000, S-7014, S-7015 and S-7016; Hawaii Beef Lease, LLC, Lessee; TMK: 3rd Div/4-3-005:002; 3rd Div/4-3-005-002-5002; 3rd Div/4-3-005-002-5003 and 3rd Div/4-3-005-002-5004, Hamakua Agricultural Park, Pohakuhaku and Kemau 1st, Hamakua District, Island of Hawaii, Hawaii

My name is Charles Stevens, I own SC Ranch Co. on the Big Island. We are cattle ranchers and our ranch has been in business for over 45 years. I strongly **support** the approval of extension of lease term for general lease nos. S-7000, S-7014, S-7015, and S-7016.

1. SC Ranch Co. has processed livestock at the Paauilo slaughterhouse since in operation and I still continue to process there now. The processing facility is old and in dire need of renovations. This lease extension will allow for those renovations to be taken care of. I support the request for a lease extension.
2. I am familiar with the Paauilo facility and no one to date has put money in to bring about improvements. I support Hawaii Sustainable Beef Enterprises' efforts to provide the resources to renovate the aging facility.

Thank you for the opportunity to give testimony on this matter.

Sincerely,

Charles Stevens
SC Ranch CO.
Pauauilo, HI



October 25, 2021

State of Hawaii
Department of Agriculture
Agricultural Resource Management Division
1428 S. King Street
Honolulu, HI 96814

RE: Resubmittal Request for Approval of Extension of Lease Term, General Lease Nos. S-7000, S-7014, S-7015 and S-7016; Hawaii Beef Lease, LLC, Lessee; TMK: 3rd Div/4-3-005:002; 3rd Div/4-3-005-002-5002; 3rd Div/4-3-005-002-5003 and 3rd Div/4-3-005-002-5004, Hamakua Agricultural Park, Pohakuhaku and Kemau 1st, Hamakua District, Island of Hawaii, Hawaii

Intro:

My name is Russell Hata. I am the Chairman, President and CEO of Y. Hata & Co. Ltd.

I strongly support the approval of extension of lease term for general lease nos. S7000, S-7014, S-7015, and S-7016.

I've been in Hawaii's food industry as a wholesaler all my life. This is the first time in over 40 years I feel there is a possibility that local beef production could become a major industry in Hawaii. I feel that way because Hawaii Beef Producers have the necessary pieces to make it a reality. They bring to Hawaii technology, expertise, and resources that one in Hawaii has.

There is a tremendous demand from the public, both local and tourist, for local beef. The current problem is that there is not enough processing capacity on any of the islands and much of the beef produced in Hawaii is sent to the mainland. Hawaii Beef Producers wants to expand their plant. They are willing and able to invest their own money to help build local beef production. But it does not make sense for them to invest in a plant that has a short lease.

Hawaii cannot become more sustainable in local beef unless we have more capacity. The public wants this and the local restaurants want this. And Hawaii needs this! Otherwise we will continue to be held captive by beef imports from the mainland and elsewhere. Please approve the extension of the lease term for the Paauilo processing plant.

Thank you for the opportunity to give testimony on this matter.

Sincerely,

Russell Hata



Solutions Delivered with Aloha!

285 Sand Island Access Rd, Honolulu, HI 96819 | 808.447.4100 | www.yhata.com



Nakamura, Gayle M

From: woody child <wcinkona@usa.com>
Sent: Monday, October 25, 2021 7:17 AM
To: HDOA.BOARD.TESTIMONY
Subject: [EXTERNAL] Testimony - Resubmittal Request for Approval of Extension of Lease Term, Hawaii Beef Lease, LLC

October 25, 2021

Agenda Item IV .A.5: Request for Approval of Extension of Lease Term, Hawaii Beef Lease

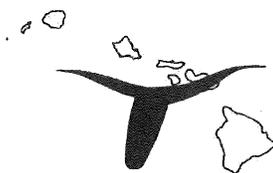
Chair Shimabukuro-Geiser and Members of the Board of Agriculture,

Kaapahu Ranch supports the extension of the Paauilo Lease to Hawaii Sustainable Beef.

HSB has invested a considerable amount of money into the Kapolei Beef Plant, and has committed to investing \$7M into improvements into the Paauilo Beef Plant.

This will be great in moving forward to sustainable beef production in the State Of Hawaii.

Woody Child
Kaapahu Ranch



Hawaii Cattlemen's Council, Inc.

Board of Agriculture Meeting

October 26, 2021, 9:00am

Agenda Item IV.A.5: Request for Approval of Extension of Lease Term, Hawaii Beef Lease

Chair Shimabukuro-Geiser and Members of the Board of Agriculture,

The Hawai'i Cattlemen's Council appreciates the opportunity to comment on Agenda Item IV.A.5, Resubmittal request for Approval of Extension of Lease Term; Hawai'i Beef Lease, LLC. The Hawai'i Cattlemen's Council, Inc is the Statewide umbrella organization comprised of the five county level Cattlemen's Associations. Our 140+ member ranchers represent over 60,000 head of beef cows; more than 75% of all the beef cows in the State. Ranchers are the stewards of approximately 20% of the State's total land mass.

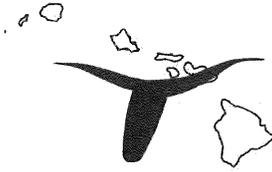
We appreciate Mr. Vandersloot's delay in submitting the September request for lease extension in order to engage stakeholders in the plans for the facility. Thanks to this action, cattle industry stakeholders have the opportunity to weigh in on the lease extension of a facility that will have lasting effects on the industry. While we do not aim to add roadblocks to his team's efforts to expand the plant, we believe that under the circumstances that he controls the majority of the processing market in Hawaii, his efforts to be transparent are necessary when such a long-term decision is at stake. Mr. Vandersloot arranged for a visit to the Hawaii Meats facility on Oahu on October 6, 2021, which also included time to meet and answer questions about the Hawaii Beef Producers Pa'auilo facility plans.

Attached is the Hawaii Cattlemen's Council's position statement on local beef production. The improvements that the lessee has promised on this state-owned facility together with adherence to other operational pledges made by the lessee would be consistent with a number of key provisions in the attached position statement. The business model envisioned by HCC;

- Maintains a diversified economic base and skilled labor force on outer islands
- Increases capacity/access for all producers to harvest, process and market
- Compliance with regulatory planning concepts and concerns, especially as related to environmental issues with the intention of funding a mechanism for waste products
- Preservation of the integrity of locally labeled beef
- Opportunity to expand locally branded products

However, there are some areas of concern that we did communicate to Hawaii Sustainable Beef. We asked that the ability to access toll processing for those who want to develop their own branded product remains an option, so that those who choose to make a direct sale to the packer can do so, and those who want to retain ownership and pay a fee for service can do so. In addition, we





Hawaii Cattlemen's Council, Inc.

communicated to Hawaii Sustainable Beef that we support maintaining processing capacity at the Pa'auilo plant, which we were assured would continue as a result of improvements. We understand and agree that the terms of a lease must be adequate to secure the financing of leasehold improvements. As Hawaii Sustainable Beef has requested this extension to make certain improvements to the Pa'auilo plant, some producers have suggested it would be good form for any lease extension to codify and require those improvements over time.

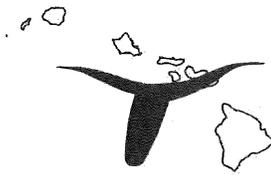
We believe that with cooperation, transparency, and a willingness to meet the same goals of increase local food production that benefits the producer, processor, and consumer, this is an opportunity.

We thank the board for the privilege to share viewpoints from the industry. We urge the department to consider the input of stakeholders in making this decision.

Sincerely,

*Nicole Galase
Managing Director*





Hawaii Cattlemen's Council, Inc.

Hawaii Cattlemen's Council Position Statement on Local Beef Production

One of the core strengths of any society lies in its ability to be self-sufficient, to feed itself. Hawaii's beef producers are committed to providing wholesome food for its community that is safe, secure and sustainable.

In the early 1990's, a combination of rising costs and inefficiencies led Hawaii producers to shift to an export calf model which remains dominant today. However, with increasing consumer demand for locally sourced food, there is renewed focus on expanding local beef production.

In recent years, Hawaii Cattlemen's Council (HCC) and the Hawaii Department of Agriculture (HDOA) recognized limited harvest capacities as one of the primary constraints for expanding local beef production. It has been HCC's position that each island should have access to a full complement of harvest and processing facilities. The economic benefit of efficiencies achieved with consolidation should be balanced with the unique challenges Hawaii's beef industry faces. These include;

- the vulnerability of interisland transportation of perishable goods and/or live animals as it relates to;
 - food security and safety, animal welfare, labor disputes and equipment failure
- the need to develop and maintain a diversified economic base and skilled labor force on outer islands
- limited competitive markets
- quasi-public responsibility of state-owned food processing facilities

Among other things previously identified, the ideal model should address;

- Flexible marketing – direct sale vs retained ownership
- Increased capacity/access for all producers to harvest, process and market
- Growth of market share through “coopetition” vs direct competition
- Compliance with regulatory planning concepts and concerns, especially as related to environmental issues
- Preservation of the integrity of locally labeled beef
- Opportunity to expand locally branded products

HCC supports a business model that facilitates infrastructure that allows each island to maintain autonomy over its beef production from gate to plate. Hawaii producers are able to provide high-quality grass-fed beef year-round, which serves a loyal, sustainability-minded customer base that increasingly want to know where their food comes from.



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October 25, 2021

Phyllis Shimabukuro-Geiser
Chairperson
Hawaii State Department of Agriculture
Agricultural Resource Management Division
1428 S. King Street
Honolulu, HI 96814

RE: Resubmittal Request for Approval of Extension of Lease Term, General Lease Nos. S-7000, S-7014, S-7015 and S-7016; Hawaii Beef Lease, LLC, Lessee; TMK: 3rd Div/4-3-005:002; 3rd Div/4-3-005-002-5002; 3rd Div/4-3-005-002-5003 and 3rd Div/4-3-005-002-5004, Hamakua Agricultural Park, Pohakuhaku and Kemau 1st, Hamakua District, Island of Hawaii, Hawaii

Dear Chair Shimabukuro-Geiser and members of the board:

Thank you for the opportunity to submit testimony in **strong support** of Hawaii Beef Lease, LLC's request to Extend the Lease Term of General Lease Nos. S-7000, S-7014, S-7015, and S-7016. My name is Denise Yamaguchi, CEO of the Hawaii Food & Wine Festival (HFWF).

Twelve years ago, I helped found HFWF with Co-Chairs, Chef Alan Wong and Chef Roy Yamaguchi and our mission has been to put a spotlight on local agriculture. Over the years, we've had more than 1,000 chefs from Hawaii, the mainland and international destinations, come for the Festival and use our locally caught, raised and grown products in their dishes. Through this effort, we've shown the world what Hawai'i can produce and chefs from around the world today now order their products for their restaurants and/or have opened restaurants here with the confidence that we have the local products for a five-star restaurant. We have also advocated for our local ag industry by working with the community to increase demand. Despite our these efforts to promote our local ag industry here and for export, it has been difficult to move the needle on food sustainability because scaling requires capital.

Hawaii Beef Lease, LLC has expressed that it will invest its own funds to expand the slaughterhouse facility, creating additional capacity to process more livestock. With lack of state resources, Hawaii Beef Lease, LLC is the perfect partner for the Department of Agriculture where they will assure upgrades and investments without additional resources from the state. I understand that Hawaii Beef Lease, LLC will make a sizable investment and their request for an extension is reasonable. As a business, they need time to recoup their investment, as well as the potential to earn a profit over the long-term.

Within applicable rules and regulations, I wholeheartedly support the request for the extension on the lease for Hawaii Beef Lease, LLC. Thank you again for the opportunity to provide testimony on this matter.

Sincerely,



Denise Yamaguchi
CEO



HAWAII
AGRICULTURAL
FOUNDATION

3538 Waiialae Avenue, #203
Honolulu, HI 96816
Phone: (808) 927-9749
info@hawaiiagfoundation.org
www.hawaiiagfoundation.org

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October 25, 2021

Phyllis Shimabukuro-Geiser
Chairperson
Hawai'i State Department of Agriculture
Agricultural Resource Management Division
1428 S. King Street
Honolulu, HI 96814

RE: Resubmittal Request for Approval of Extension of Lease Term, General Lease Nos. S-7000, S-7014, S-7015 and S-7016; Hawaii Beef Lease, LLC, Lessee; TMK: 3rd Div/4-3-005:002; 3rd Div/4-3-005-002-5002; 3rd Div/4-3-005-002-5003 and 3rd Div/4- 3-005-002-5004, Hamakua Agricultural Park, Pohakuhaku and Kemau 1st, Hamakua District, Island of Hawai'i, Hawai'i

Dear Chair Shimabukuro-Geiser and members of the board:

Thank you for the opportunity to submit testimony in **strong support** of Hawaii Beef Lease, LLC's request to Extend the Lease Term of General Lease Nos. S-7000, S-7014, S-7015, and S-7016. My name is Dean Okimoto, formerly of Nalo Farms and Chairman of the Hawai'i Agricultural Foundation (HAF).

As a farmer and former owner of Nalo Farms, I understand the difficulties and financial resources it takes to scale an operation. As you know, I've always been a staunch supporter of local ag and for more than 30 years have advocated for all producers, especially those who are willing to increase capacity so that Hawai'i can be more sustainable. As Chairman of HAF, we have supported numerous initiatives to promote local ag, provide technical assistance and support local farmers and ranchers, and educate our students about the importance of local agriculture, as well as encourage them to look at agriculture as a career choice. Despite our efforts, it has been difficult to move the needle on food sustainability because scaling requires capital.

Hawaii Beef Lease, LLC will invest its own funds to expand the slaughterhouse facility, creating additional capacity to process more livestock. They are a perfect partner for the State with upgrades and investments made without the request for additional state resources. Hawaii Beef Lease, LLC's investment and their request for an extension is very reasonable. As a business, they need assurances of the opportunity to recoup their investment, as well as the potential to earn a profit over the long-term.

Within applicable rules and regulations, I wholeheartedly support the request for the extension on the lease for Hawaii Beef Lease, LLC. Thank you again for the opportunity to provide testimony on this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Dean J. Okimoto".

Dean Okimoto
Chairman of the Board

October 25, 2021

State of Hawaii
Department of Agriculture
Agricultural Resource Management Division
1428 S. King Street
Honolulu, HI 96814

RE: Resubmittal Request for Approval of Extension of Lease Term, General Lease Nos. S-7000, S-7014, S-7015 and S-7016; Hawaii Beef Lease, LLC, Lessee; TMK: 3rd Div/4-3-005:002; 3rd Div/4-3-005-002-5002; 3rd Div/4-3-005-002-5003 and 3rd Div/4- 3-005-002-5004, Hamakua Agricultural Park, Pohakuhaku and Kemau 1st, Hamakua District, Island of Hawaii, Hawaii

To whom it may concern:

My name is Bobbie-Jo Griffith. My husband and I are small ranchers on Oahu island. We are third and fourth generation ranchers. We strongly **support** the approval of extension of lease term for general lease nos. S-7000, S-7014, S-7015, and S-7016.

I am familiar with the Paauilo facility and no one to date has put money in to bring about improvements. I support Hawaii Sustainable Beef Enterprises' efforts to provide the resources to renovate the aging facility. As this pandemic has taught us Hawaii needs to be self-sustainable and we need to work together to make that happen.

Mahalo~



Bobbie-Jo Griffith
Griffith Livestock Company LLC



October 25, 2021

Parker Ranch Inc. Testimony to Hawaii Board of Agriculture

Via Email to HDOA.BOARD.TESTIMONY@HAWAII.GOV

Phyllis Shimabukuro-Geiser
Chairperson
Board of Agriculture, State of Hawai'i
1428 S. King Street
Honolulu, Hawai'i 96814

Re: OPPOSITION TO Request for Approval of Extension of Lease Term, General Lease Nos. S-7000, S-7014, S-7015, S-7016; Hawaii Beef Lease, LLC, Hamakua Agricultural Park, Island of Hawaii
September 28, 2021 Board of Agriculture Meeting - Agenda Item A-5

Aloha Chair Shimabukuro-Geiser and Members of the Board of Agriculture ("Board"),

Parker Ranch Inc. ("PRI") **opposes** the applicant's request to extend lease terms under General Lease Nos. S-7000, S-7014, S-7015, and S-7016 (collectively, the "Lease") that is being considered by the Board as Agenda Item A-5.

As a large commercial rancher/producer, PRI is one of the largest customers of Hawaii Beef Producers, LLC ("HBP") that operates the packing plant under the Lease with its sister company, applicant-lessee Hawaii Beef Lease, LLC ("HBL"). HBP, HBL, and Hawaii Land & Livestock, LLC ("HLL" which operates the slaughter and processing facility at Kapolei, O'ahu) all are indirectly controlled by Frank VanderSloot, owner of Riverbend Ranch, a commercial cattle ranch in Idaho. Mr. VanderSloot's substantial ownership and control of Riverbend Management, Inc., Hawaii Meats, LLC, Hawaii Beef Holdings, LLC, Hawaii Sustainable Beef, LLC, and the Frank VanderSloot Trust result in his control of over 70% of the slaughter and processing plant capacity in the State of Hawaii; and over 90% of that capacity on the Big Island.

PRI along with many other producers rely on the success of the operator and understands HBL's need for certainty before committing the necessary capital improvements to the leased slaughter and processing facility. PRI can appreciate that the tenant seeks an extension prior to committing capital and sees a need to increase both slaughter and processing from the current volume of throughput, as had been the original intention when the current tenant took over the Lease.

Our primary concern at this time is the unwillingness of the packer to allow for the further development and expansion of local beef production and consumption through direct contracts between cattle producers and retail grocers, chefs, restaurant owners, schools, and other institutions who have begun shifting their menus, palates, and marketing strategies to favor local grass-fed beef over imported beef.

While these direct contracts between retailer and producers can be drafted, they necessarily require a custom kill, "toll-processing" agreement between the beef producer and the packer. This is, essentially, a necessary pass-through step, that is contracted out to a third-party, and in turn generates the third-party packer what we estimate to be a healthy 35%-40% margin. Industry margins for meatpackers are closer to 10%-12%, according to rating agencies.



October 25, 2021

Parker Ranch Inc. Testimony to Hawaii Board of Agriculture

Mr. Vandersloot and his team have committed, verbally, to maintain the existing “toll-processing” agreements, however they have stated that they would not be committing to new “toll-processing” agreements, as that strategy cannot be supported by their business model.

To date, at least one local producer who has an established relationship with a retail grocery chain of stores, has expressed interest to Mr. Vandersloot’s team, to move their existing processing arrangement to a toll-processing agreement. Both the producer and the retail grocer requested this arrangement of HBP, who denied the request to negotiate a toll-processing arrangement, outright. We see this stance as anti-competitive, further exacerbating the monopolistic tendencies we continue be concerned about. This behavior will lead to a marketplace where beef producers will have only one option: that of selling their cattle to the packer at a discount. Even local producers who are perfectly capable of achieving a premium price for their product through a direct retail contract will be prevented from doing so. This risk is significant and needs to be addressed in the language of this lease.

Local grass-fed beef production and consumption here in Hawaii has grown because of direct contracts between producer and retailer, not despite it. These arrangements have allowed producers to earn a fair margin for their cattle, and in return the retailer is able to develop a relationship with the rancher. This relationship preserves line of sight for the end consumer who has shown a desire to understand where their food comes from. It also tells the story of Hawaii ranching in a way that helps to not only generate a premium pricing for our product, but also preserve this proud component of the state’s diverse population.

Every ranch on each of our islands has its own unique product and history that they can, and need to leverage, as the cost of land, labor, materials, freight, and cattle processing, continue to go up. Simply put, if Hawaii ranchers are to succeed for another generation, he or she will need to capture a greater margin on their product, to withstand the increasing cost of doing business in our island state.

The consumer has shown a willingness to pay a fair price for our premium product and are asking for even greater volumes. By preserving the ability for producers to negotiate a toll-processing agreement with the packer, in essence we preserve the state’s ability to create greater food security and continue to find ways to displace imported food that we can grow here as well as anywhere else in the world. This lease is an asset of the State of Hawaii and should be used to achieve goals and objectives set out by the State.

If a lease extension is to be considered, we as stakeholders would like continued engagement with the packer, and its related entities, so that we are better able to understand what plans they have for the Pa’auilo plant, for the Kapolei plant on O’ahu, and how PRI and the other producers will be impacted. A single party controls over 70% of the State’s slaughter and processing capacity. Their 70% market share could increase to over 90% with expansion plans, increasing their monopoly position and market power. PRI’s concern with potential monopolistic business practices is well documented and will continue until we see a tangible shift in the way Mr. VanderSloot’s companies participate in our industry. **As a result of our concerns, we ask that the Board defer a decision until our concerns are addressed.**



October 25, 2021

Parker Ranch Inc. Testimony to Hawaii Board of Agriculture

Additionally, if and when this Board grants any extension to this Lease, PRI requests that the Board include conditions, among other terms necessary to update a 30-year old lease to reflect current market conditions, to ensure throughput capacity for locally raised animals, fair allocation of slots without favoring the producers related to the packer, preserving the integrity of local branding, and providing for Board enforcement, on terms and conditions that are developed with and approved by industry stakeholders. We believe direct contracting should be an option available to producers.

Today, between 30% to 40% of the plant volume is contracted in the form of a direct contract between the producer and a retail grocery chain. We believe that the 40% threshold is critical to ensure a competitive market for cattle. A smaller allocation to direct contracts would reduce the need for the packer to compete for cattle, likely resulting in lower prices to producers. In Exhibit A, we outline the reasoning for direct contracting in more detail. The premium earned at the retail level can be shared with the different market participants, including the retailer, distributor, packer and producer. Both producers and packers can benefit from direct contracting.

PRI also asks that the board includes a provision, requiring that at least 75% of the \$8 million capital improvements be complete within a three-year period, and that local industry stakeholders be provided with capital improvement updates as they occur. HRS Chapter 166 certainly gives the Department of Agriculture the authority to condition state leases, including extensions thereof, on the "terms and conditions it deems necessary, including but not limited to restrictions against alienation[.]" HRS § 166-6(a).

The action that the Board takes today is not on a simple real property lease nor is the Department of Agriculture's responsibility and oversight limited to being a lessor. This extension request directly impacts the local agriculture industry, livelihood of producers, and State's goals for food security and sustainability. Pursuant HRS Chapter 159, the Department of Agriculture has the power to adopt rules concerning "the internal operations of slaughterhouses and meat processing establishments," HRS § 159-7(2)(c), to ensure that the situation that is in fact occurring to push local producer brands out of the market does not continue.

Parker Ranch, Inc. opposes the extension request for the Pa'auilo meatpacking facility for the reasons set forth in its testimony filed on September 27, 2021 and for the reasons set forth in this letter. As a result of our concerns, we ask that the Board defer a decision until our concerns are addressed.

Sincerely,

Parker Ranch, Inc.

Neil T. "Dutch" Kuyper

President and Chief Executive Officer

Exhibit A

Testimony by Parker Ranch, Inc. to Hawaii Board of Agriculture

Why Producers and State of Hawaii Should Care About Direct Contracts

Ranchers and State of Hawaii should support direct contracting because it ensures competitive markets for cattle, while enabling retailers to compete for end consumers, and has served to increase prices and profits to all producers by allowing them to participate in the premium consumers are willing to pay for local grass-fed beef

Over the last 10 years, prices for grass-fed cattle increased 7% to 8% per year in Hawaii. Whereas, live cattle prices on the mainland, although volatile, have been flat for the last 10 years. In real terms, adjusted for inflation, live cattle prices on the mainland are down -15% to -20% arguably because of the market power wielded by the packers. As the retail prices for local grass-fed beef in Hawaii have risen (due to increased consumer demand exceeding the growth in supply), both the packer and producers have benefitted.

Eliminating direct contracting would likely result in lower prices for producers and more profits for the packer. Direct contracting requires the packer to compete for cattle in the open market as opposed to dictating prices using their market power. Direct contracting does not take profits from the packer because the profit margins on toll processing are significantly greater than the profit margins on the rest of their business. If anything, direct contracting enables producers to earn a share of the premium paid by consumers for local product which otherwise would likely not flow back to the producer but remain with the retailer or the packer.

End consumers purchase meat from retailers for an estimated 3-5x the amount producers are paid for their cattle. Take for example a cow purchased by the packer for \$450. That cow may be sold by a retailer as ground beef for an estimated \$5.99 a pound, or approximately \$2,250 or more for the entire animal. A market animal purchased by the packer for \$1,500 may retail for up to \$5,250 per head or more.

Everyone in the supply chain should be entitled to their fair share of profits. When packers contract with retailers and purchase cattle from producers, producers have very little leverage in determining the prices of their cattle. Direct contracts between producers and retailers would provide higher transparency and help producers capture more value for their cattle and brand name. **Direct producer-to-retailer contracts could help producers increase their profits by up to 100-250%+ while still providing the packer and retailers with fair margins.**

Exploring the Economics

Working backwards from assumed retail values of \$2,250/head and \$5,250/head and assumed markups of 80% and 100% for cows and market animals, respectively, we can estimate the wholesale prices of cows and market animals to approximate \$1,250 and \$2,625, respectively. These amounts represent the packer's proceeds. Retailer markups and prices may vary, resulting in different economics.

Proceeds per Head	<u>Estimated Proceeds of Producer, Packer, and Retailer</u>			Packer Proceeds
	\$ Producer (1)	\$ Packer (2)	\$ Retailer (3)	Less Price of Cattle (2) minus (1)
Cow	\$450	\$1,250	\$2,250	\$800
Market Animal	\$1,500	\$2,625	\$5,250	\$1,125

Exhibit A

Testimony by Parker Ranch, Inc. to Hawaii Board of Agriculture

Is the allocation of proceeds fair? Are the proceeds received by each participant sufficient to cover their costs and provide for a fair margin? These are questions to consider. Retail prices could be up to 25-50%+ higher, resulting in higher packer proceeds and a larger difference between packer and producer proceeds.

Direct Contract Scenario

Assuming a \$1/lb. slaughter and processing fee and \$125/head overhead costs on a 500 lb. cow and 650 lb. market animal (based on carcass weight), the potential economics of a direct contract scenario are shown below. Under these assumptions, the packer would receive \$500/cow and \$650/market animal. The \$125/head overhead costs would consist of marketing and other administrative fees to implement the direct contracts.

Estimated Incremental Profit per Head from Direct Contracting

	Producer Proceeds (1)	Producer Costs (2)	Cattle Price (3)	Producer Incremental Profit (1) minus ((2)+(3))
Cow	\$1,250	\$625	\$450	\$175
Market Animal	\$2,625	\$775	\$1,500	\$350

If a producer currently earns a 15-20% margin selling cattle to the packer, or profits of \$80/cow and \$250/market animal, they could earn profits of \$255/cow (\$80 + \$175) and \$600/market animal (\$250 + \$350) from a direct contract with a retailer based on these assumptions. These economics assume that distribution costs are borne by the retailer. Higher actual costs would lower producers' profits. We estimate the packer would earn a 30-40% margin on the \$1/lb. slaughter and processing fee.

Potential Increases in Profits for Producers

The potential increase in profits for producers under direct contracts is significant, as high as 100-250%, based on the assumptions described above.

Per Head	Cattle Price	Profit - Sell to Packer	Profit - Sell to Retailer	Profit Increase
Cow	\$450	\$70-\$90	\$245-\$265	200%-250%
Market Animal	\$1,500	\$200-\$300	\$550-\$650	115%-175%

The "Profit – Sell to Packer" of \$70-\$90 for cows and \$200-\$300 for market animals assumes the producer currently makes a 15-20% margin selling cattle to the packer.

Transparency Matters

Without transparency, it is difficult to answer the questions previously raised. The economics suggested above may or may not be achievable. However, the opportunity is worth pursuing. Direct contracts can help producers gain transparency into costs across the supply chain, which can help with navigating fairness in pricing for various stakeholders. Some producers may not be ready to pursue direct contracts yet, but all producers should demand the option to pursue direct contracts in the future to remain open.

Competition Leads to Higher Prices Because Packer Needs to Compete for Cattle

Direct contracts can help raise cattle prices for all producers, even those who choose to sell cattle to the packer. The opportunity for producers to pursue direct contracts with retailers will likely require the packer to raise prices for cattle to compete for supply.

Exhibit A

Testimony by Parker Ranch, Inc. to Hawaii Board of Agriculture

In the past ten years, we believe the improved pricing experienced by smaller producers selling cattle to the packer can be attributed, in part, to the existence of direct contracting relationships in the market. The elimination of direct contracts would likely lead to lower prices for producers given the absence of competition for cattle.

Premiums Generated from Direct Contracts can Provide Better Economics for Everyone

Direct contracts protect independent labels. Producers can market meat under brands they've built. These brands typically command a premium, resulting in higher profits for not only the producer, but the packer and retailer as well. Assuming a 20% premium associated with independent brands at the retail level, this translates up to \$1,000-\$1,500 per head in additional profits to distribute across the supply chain participants. So, the incremental profit earned by the producer from direct contracting is not siphoned from the packer or retailer, but rather generated from the premium paid by the consumer. Given the high margin earned by the packer from fees charged on custom slaughter and processing services, the packer could earn higher profits from enabling direct contracts than restricting it. We believe direct contracts do not strictly benefit the producer to the detriment of the packer, but rather can be beneficial to both parties.

Ways for Smaller Producers to Pursue Direct Contracts

A co-operative structure can help alleviate the burden and lower costs associated with implementing direct contracts while enabling producers to participate in the enhanced economics. A co-operative consisting of multiple producer members could pursue a single direct contract with a retailer instead of each producer pursuing their own individual direct contract.

Competitive Market Dynamics – Demand for Local Grass-Fed Beef Outstrips Supply

The growth in consumer demand has resulted in benefits to retailers, distributors, packers and producers. An increase in capacity is important. However, more important is maintaining competition in markets to ensure consumer prices are competitive **and** producers prices are competitive.

Consumer prices will likely be competitive as retailers compete for end consumers. However, one packer with more than 70% market share, increasing it to over 90%, may translate into monopoly profits earned at the expense of producers.

Direct contracting requires the packer to compete for cattle. Today direct contracting represents 30-40% of the capacity at the Paauilo plant. Any percentage less than 40% will wield market power to the packer enabling the packer to dictate pricing to producers instead of competing for cattle on the open market. New capacity is valuable, but it may result in more market power for what is already a monopoly. Over time, the packer may just extract a greater and greater share of the premium available in retail markets by paying producers lower prices for cattle.

Nakamura, Gayle M

From: Nourish Kauai <nourishkauai2020@gmail.com>
Sent: Monday, October 25, 2021 10:42 AM
To: HDOA.BOARD.TESTIMONY
Subject: [EXTERNAL] TESTIMONY for Approval of Extension of Lease Term, General Lease Nos. S-7000, S-7014, S-7015 and S-7016

October 25, 2021

State of Hawaii
Department of Agriculture
Agricultural Resource Management Division
1428 S. King Street
Honolulu, HI 96814

TESTIMONY

RE: Resubmittal Request for Approval of Extension of Lease Term, General Lease Nos. S-7000, S-7014, S-7015 and S-7016; Hawaii Beef Lease, LLC, Lessee; TMK: 3rd Div/4-3-005:002; 3rd Div/4-3-005-002-5002; 3rd Div/4-3-005-002-5003 and 3rd Div/4-3-005-002-5004, Hamakua Agricultural Park, Pohakuhaku and Kemau 1st, Hamakua District, Island of Hawaii, Hawaii

I strongly support the approval of extension of lease term for general lease nos. S-7000, S-7014, S-7015, and S-7016.

My name is Karolyn Freuler, and I am the Executive Director of Nourish Kaua'i. We serve the vulnerable populations on Kaua'i through locally sourced food, which supports local farmers, ranchers and food producers. Each month, our charity, Nourish Kaua'i, distributes 900-1125 meals to the most vulnerable kupuna on our island. Most of those we serve are very low income, have no family to help, and many are disabled and struggling with additional health issues that make buying nutritious food difficult.

Almost all of this food is furnished by Frank VanderSloot's Foundation, (The VanderSloot Foundation). The VanderSloot Foundation donates approximately \$40,000 each month to Nourish Kaua'i and has been doing so each month since January, 2021. The donation includes some local beef. But we need more. We currently have 113 recipients on our waiting list.

My charity distributes local beef to the most vulnerable kupuna (elderly) on Kaua'i. We need more supply of local beef. While Hawaii Sustainable Beef, HBP, and Hawaii Meats and the VanderSloot Foundation have been very generous in donating meat and finances, there is a tremendous demand from the public for local beef. The current problem is that there is not enough processing capacity on any of the islands and much of the beef produced in Hawaii is sent to the mainland.

Hawaii Beef Producers wants to expand their plant. They want to use their own money. But it is understandable that they need to extend the lease in order to get a return on their investment.

There is no way that Hawaii can become more sustainable in local beef unless we have more processing capacity. The public needs this, and Hawaii needs this! Please approve the extension of the lease term for the Paauilo processing plant.

Thank you for the opportunity to give testimony on this matter.

Sincerely,

Karolyn Freuler

Executive Director, Nourish Kauai

Crossroads Christian Fellowship

nourishkauai2020@gmail.com

Cell # 808-635-3722

www.nourishkauai.org



Nakamura, Gayle M

From: mail kealiaranch.com <mail@kealiaranch.com>
Sent: Monday, October 25, 2021 10:58 AM
To: HDOA.BOARD.TESTIMONY
Subject: [EXTERNAL] Testimony - Resubmittal Request for Approval of Extension of Lease Term, Hawaii Beef Lease, LLC

Dear Chair Shimabukuro-Geiser and Members of the Board of Agriculture,

I am writing in support of the Extension of Lease Term for Hawaii Beef Producers at Paauilo.

Kealia Ranch is a long-time provider of grass finished and cull beef animals to the Paauilo facility. We have witnessed the struggles that the facility management has endured. We have struggled to get our animals into the schedule due to their previous limitations. We believe that the current ownership of Hawaii Beef Producers has the vision and the resources to take the facility to a new level of service to the ranching community for purchasing and custom processing.

They understandably need assurance from the BOA that they will be given a lease extension to recapture the substantial investment necessary for these improvements.

Again, I ask your support to this lease extension because I believe that they are the entity to follow through with these needed improvements that will greatly assist our Island to meet the needs of ranchers in supplying fresh Island beef to the State.

Mahalo nui loa,

Sara Moore

Kealia Ranch

Barbed S Ranch, LLC

86-412 C Lualualei Homestead Road
Waianae, HI 96792

(808) 696-8048 FAX (808) 696-7837 e-mail fkamasilva@gmail.com

October 25, 2021

State of Hawaii
Department of Agriculture
Agricultural Resource Management Division
1428 S. King Street
Honolulu, HI 96814

RE: Resubmittal Request for Approval of Extension of Lease Term, General Lease Nos. S-7000, S-7014, S-7015 and S-7016; Hawaii Beef Lease, LLC, Lessee; TMK: 3rd Div/4-3-005:002; 3rd Div/4-3-005-002-5002; 3rd Div/4-3-005-002-5003 and 3rd Div/4- 3-005-002-5004, Hamakua Agricultural Park, Pohakuhaku and Kemau 1st, Hamakua District, Island of Hawaii, Hawaii

Aloha,

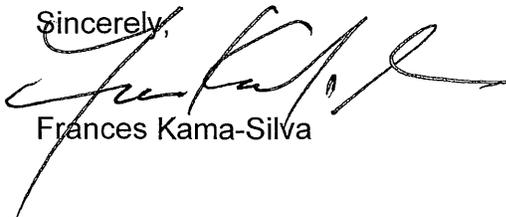
I am a small cattle rancher on the island of Oahu. We have been raising cattle in Waianae and Helemano for about 25 years and have been a 4-H livestock club leader for as many years. I strongly **support** the above referenced approval of extension of lease term.

Both the Paauilo and Kalaeloa facilities have been in dire need of improvements for years. Hawaii Meats / Hawaii Sustainable Beef has already shown their commitment to Hawaii's sustainable agricultural future by the millions of dollars they have already spent on improvements and the promise of continuing to build on that investment once a lease extension is obtained.

Individual ranch branding of products and allowed toll harvesting quota appear to be concerns of some that I believe to date have been dealt with fairly considering the capacity limits of the current Paauilo facility and that we have received assurances will not be reduced.

I am so very grateful that Mr. Vandersloot has stepped up to the plate and has not just talked the talk, but actually invested his time, energy and resources into these facilities desperately needed for Hawaii's self-sustainability.

Sincerely,



Frances Kama-Silva



Internationally Influenced, Hawaii Inspired.

October 25, 2021

Phyllis Shimabukuro-Geiser
Chairperson
Hawaii State Department of Agriculture
Agricultural Resource Management Division
1428 S. King Street
Honolulu, HI 96814

RE: Resubmittal Request for Approval of Extension of Lease Term, General Lease Nos. S-7000, S-7014, S-7015 and S-7016; Hawaii Beef Lease, LLC, Lessee; TMK: 3rd Div/4-3-005:002; 3rd Div/4-3-005-002-5002; 3rd Div/4-3-005-002-5003 and 3rd Div/4-3-005-002-5004, Hamakua Agricultural Park, Pohakuhaku and Kemau 1st, Hamakua District, Island of Hawaii, Hawaii

Dear Chair Shimabukuro-Geiser and members of the board:

Thank you for the opportunity to submit testimony in **strong support** of Hawaii Beef Lease, LLC's request to Extend the Lease Term of General Lease Nos. S-7000, S-7014, S-7015, and S-7016. My name is Roy Yamaguchi, chef and founder of Roy's®.

Roy's® has been in operation for more than 30 years and we have always supported local producers. As part of the Hawaii Regional Cuisine movement, I have always advocated for supporting our local farmers and ranchers because locally grown produce and products are good for my business, and also good for our local community and our economy. Ten years ago, I helped found the Hawaii Food & Wine Festival and with my Co-Chair, Chef Alan Wong, we've continued to advocate for our local ag industry by working with the community to increase demand. Despite our efforts, it has been difficult to move the needle on food sustainability because scaling requires capital.

Hawaii Beef Lease, LLC has expressed that it would invest its own funds to expand the slaughterhouse facility, creating additional capacity to process more livestock. With lack of state resources, it is imperative that the Department of Agriculture find partners that can ensure that upgrades and investments can be made so that we can increase food production. I understand that Hawaii Beef Lease, LLC will make a formidable investment and their request for an extension is very reasonable. As a business, they need assurances of the opportunity to recoup their investment, as well as the potential to earn a profit over the long-term.

Within applicable rules and regulations, I wholeheartedly support the request for the extension on the lease for Hawaii Beef Lease, LLC. Thank you again for the opportunity to provide testimony on this matter.

Sincerely,


Roy Yamaguchi
Chef/Founder

Roy's® Restaurants Hawaii

6600 Kalaniana'ole Hwy. Honolulu, HI 96825 • (808) 396 - 7697 • www.royyamaguchi.com

STUART K WELLINGTON

PO BOX 628 KAPAA
HAWAII 96746

PH: 808 246 0180 FAX: 808 246 9935

10/25/2021

State of Hawaii
Department of Agriculture
Agriculture Resource Management Division
1428 S. King Street
Honolulu HI 96814

RE: Testimony for: Resubmittal Request for Approval of Extension of Lease Term, General Lease Nos. S-7000, S-7014, S-7015 and S-7016; Hawaii Beef Lease, LLC Lessee; TMK: 3rd Div/4-3-005:002; 3rd Div/4-3-005-002-5002; 3rd Div/4-3-005-002-5003 and 3rd Div/4-3-005-002-5004, Hamakua Agricultural Park, Pohakuhaku and Kemau 1st, Hamakua District, Island of Hawaii, Hawaii

My name is Stuart Wellington. I am a small rancher on the Island of Kauai. I have been ranching for 40 years and know how important it is to have an approved and updated slaughter facility for our industry. Updated facilities such as the Paauilo Slaughterhouse will allow small ranchers, like my self and our entire industry to become more self sufficient and also keep this heritage of our Paniolo life style an imported Agriculture industry in Hawaii. I support the Apporoval of extension of lease term Nos. S-7000, S-7014, S-7015, S-7016, and Hawaii Sustainable Beef Enterprises effort to improve and update the Paauilo Slaughterhouse . Mahalo nui loa for the opportunity.

Respectfully Submitted,



Stuart Wellington,

Nakamura, Gayle M

From: Dallas & Ku'ulei Medeiros <dkmedeiros99@gmail.com>
Sent: Monday, October 25, 2021 12:11 PM
To: HDOA.BOARD.TESTIMONY
Subject: [EXTERNAL] Testimony

October 25, 2021

State of Hawaii
Department of Agriculture
Agricultural Resource Management Division
1428 S. King Street
Honolulu, HI 96814

RE: Resubmittal Request for Approval of Extension of Lease Term, General Lease Nos. S-7000, S-7014, S-7015 and S-7016; Hawaii Beef Lease, LLC, Lessee; TMK: 3rd Div/4-3-005:002; 3rd Div/4-3-005-002-5002; 3rd Div/4-3-005-002-5003 and 3rd Div/4- 3-005-002-5004, HamakuaAgricultural Park, Pohakuhaku and Kemau 1st, HamakuaDistrict, Island of Hawaii, Hawaii

Aloha! We are Dallas & Ku'ulei Medeiros. We belong to a family of "generational" ranchers and we take part in operating a small ranch on Hawai'i Island. We have been ranching/farming since birth - recently taking over since the passing of our father. We strongly **support** the approval of extension of lease term for general lease nos. S-7000, S-7014, S-7015, and S-7016.

1. I have processed livestock at the Paauilo slaughterhouse for over 20 years. The processing facility is old and in dire need of renovations. This lease extension will allow for those renovations to be taken cared of. I support the request for a lease extension.
2. I am familiar with the Paauilo facility and no one, to date, has put money in towards improvements. I support Hawaii Sustainable Beef Enterprises' efforts to provide the resources to renovate the aging facility.

We thank you for your time and the opportunity for us to submit this testimony on this matter.

Sincerely,
Dallas & Ku'ulei Medeiros
Kamuela, Hawai'i

Nakamura, Gayle M

From: Peter De Luz Ranch <peterdeluzranch@gmail.com>
Sent: Monday, October 25, 2021 12:17 PM
To: HDOA.BOARD.TESTIMONY
Subject: [EXTERNAL] Testimony

October 25, 2021

State of Hawaii
Department of Agriculture
Agricultural Resource Management Division
1428 S. King Street
Honolulu, HI 96814

RE: Resubmittal Request for Approval of Extension of Lease Term, General Lease Nos. S-7000, S-7014, S-7015 and S-7016; Hawaii Beef Lease, LLC, Lessee; TMK: 3rd Div/4-3-005:002; 3rd Div/4-3-005-002-5002; 3rd Div/4-3-005-002-5003 and 3rd Div/4- 3-005-002-5004, Hamakua Agricultural Park, Pohakuhaku and Kemau 1st, Hamakua District, Island of Hawaii, Hawaii

My name is Peter De Luz, I am a small rancher on Hawaii Island and have been ranching for over 40 years. I strongly **support** the approval of extension of lease term for general lease nos. S-7000, S-7014, S-7015, and S-7016.

I have processed livestock at the Paauilo slaughterhouse for about 20 years. The processing facility is old and in dire need of renovations. This lease extension will allow for those renovations to be taken care of. I support the request for a lease extension.

Thank you for the opportunity to give testimony on this matter.

Sincerely,

Peter E. De Luz, Sr.

Sent from [Mail](#) for Windows

Nakamura, Gayle M

From: Kanoë Schutte <kanoeschutte_fks@hotmail.com>
Sent: Monday, October 25, 2021 12:23 PM
To: HDOA.BOARD.TESTIMONY
Subject: [EXTERNAL] Testimony for Hawaii Beef Producers extension

October 25, 2021

State of Hawaii
Department of Agriculture
Agricultural Resource Management Division
1428 S. King Street
Honolulu, HI 96814

RE: Resubmittal Request for Approval of Extension of Lease Term, General Lease Nos. S-7000, S-7014, S-7015 and S-7016; Hawaii Beef Lease, LLC, Lessee; TMK: 3rd Div/4-3-005:002; 3rd Div/4-3-005-002-5002; 3rd Div/4-3-005-002-5003 and 3rd Div/4-3-005-002-5004, Hamakua Agricultural Park, Pohakuhaku and Kemau 1st, Hamakua District, Island of Hawaii, Hawaii

My name is Keoni Balucan. I am a small rancher on Hawaii island. I have been ranching/farming for 12 years. I strongly **support** the approval of extension of lease term for general lease nos. S-7000, S-7014, S-7015, and S-7016.

I have processed livestock at the Paauilo slaughterhouse for 5 years. The processing facility is old and in dire need of renovations. This lease extension will allow for those renovations to be taken care of. I support the request for a lease extension.

I am familiar with the Paauilo facility and no one to date has put money in to bring about improvements. I support Hawaii Sustainable Beef Enterprises' efforts to provide the resources to renovate the aging facility.

Thank you for the opportunity to give testimony on this matter.

Sincerely,

Keoni Balucan

Nakamura, Gayle M

From: Kano Schutte <kanoeschutte_fks@hotmail.com>
Sent: Monday, October 25, 2021 12:24 PM
To: HDOA.BOARD.TESTIMONY
Subject: [EXTERNAL] Hawaii Beef Producers Testimony

October 25, 2021

State of Hawaii
Department of Agriculture
Agricultural Resource Management Division
1428 S. King Street
Honolulu, HI 96814

RE: Resubmittal Request for Approval of Extension of Lease Term, General Lease Nos. S-7000, S-7014, S-7015 and S-7016; Hawaii Beef Lease, LLC, Lessee; TMK: 3rd Div/4-3-005:002; 3rd Div/4-3-005-002-5002; 3rd Div/4-3-005-002-5003 and 3rd Div/4-3-005-002-5004, Hamakua Agricultural Park, Pohakuhaku and Kemau 1st, Hamakua District, Island of Hawaii, Hawaii

My name is TJ Akiona. I am a small rancher on Hawaii island. I have been ranching/farming for many of years and have been raised into it. I strongly **support** the approval of extension of lease term for general lease nos. S-7000, S-7014, S-7015, and S-7016.

I have processed livestock at the Paauilo slaughterhouse for 2 years. The processing facility is old and in dire need of renovations. This lease extension will allow for those renovations to be taken care of. I support the request for a lease extension.

I am familiar with the Paauilo facility and no one to date has put money in to bring about improvements. I support Hawaii Sustainable Beef Enterprises' efforts to provide the resources to renovate the aging facility.

Thank you for the opportunity to give testimony on this matter.

Sincerely,

TJ Akiona

Nakamura, Gayle M

From: Diamond B Ranch <diamondbranchhi@aol.com>
Sent: Monday, October 25, 2021 12:26 PM
To: HDOA.BOARD.TESTIMONY
Subject: [EXTERNAL]

DOA Board Members

On behalf of Hawaii Meats I am urging the department to extend the lease for the Big Island plant to them for a long term. This would stabilize our industry. Right now the outer islands Maui and Kauai are sending animals to Honolulu. If that plant on the Big Island is not under them lot of their customers will have to send animals to Honolulu. This would back us up months with only the one plant and the bulk of their consumers having to send cattle to Honolulu. They have been the best thing that happened for all of the ranchers especially the smaller ones. We now finally have a place to sell our cattle. The plant on the big island would only take cattle from the big island ranchers and it was only the big ranchers. The smaller guys had to wait not weeks but months to get a kill date. Now it is open to all ranchers and not just the big guys or the who you know. I believe Hawaii Meats have been very fair in pricing and paying. It was them who caused the prices to be raised to a fair price. Now the rancher can get a better price for their cattle. I urge all of you to extend their lease so they can make long term investments and expand to the point were more animals can be marketed here in stead of being shipped out of state.

Brendan Balthazar
Diamond B Ranch

Nakamura, Gayle M

From: Brad Seymour <brad@seymourresourceshawaii.com>
Sent: Monday, October 25, 2021 12:33 PM
To: HDOA.BOARD.TESTIMONY
Subject: [EXTERNAL] Testimony

October 25, 2021

State of Hawaii
Department of Agriculture
Agricultural Resource Management Division
1428 S. King Street
Honolulu, HI 96814

RE: Resubmittal Request for Approval of Extension of Lease Term, General Lease Nos. S-7000, S-7014, S-7015 and S-7016; Hawaii Beef Lease, LLC, Lessee; TMK: 3rd Div/4-3-005:002; 3rd Div/4-3-005-002-5002; 3rd Div/4-3-005-002-5003 and 3rd Div/4-3-005-002-5004, Hamakua Agricultural Park, Pohakuhaku and Kemau 1st, Hamakua District, Island of Hawaii, Hawaii

Intro: My name is Brad Seymour. I am an agricultural professional on Kauai. I have been working in agriculture for 14 years. I strongly **support** the approval of extension of lease term for general lease nos. S-7000, S-7014, S-7015, and S-7016.

1. I support the extension of the lease for the facility. The processing facility is old and in dire need of renovations. This lease extension will allow for those renovations to be taken care of. I support the request for a lease extension.
2. I am familiar with the Paauilo facility and no one to date has put money in to bring about improvements. I support Hawaii Sustainable Beef Enterprises' efforts to provide the resources to renovate the aging facility.

Last Line: Thank you for the opportunity to give testimony on this matter.

Sincerely,
Brad Seymour

--
Thank you,
Brad Seymour
President

10/25/2021

State of Hawaii

Department of Agriculture

Agricultural Resource Management Division

1428 S. King Street

Honolulu, HI 96814

RE: Resubmittal Request for Approval of Extension of Lease Term, General Lease Nos. S-7000, S-7014, S-7015 and S-7016; Hawaii Beef Lease, LLC, Lessee; TMK: 3rd Div/4-3-005:002; 3rd Div/4-3-005-002-5002; 3rd Div/4-3-005-002-5003 and 3rd Div/4-3-005-002-5004, Hamakua Agricultural Park, Pohakuhaku and Kemau 1st, Hamakua District, Island of Hawaii, Hawaii

Aloha,

My name is Jill Mattos, I was the former General Manager/Owner for Hawaii Beef Producers for 15 years.

I worked for David DeLuz Sr. and finally was part owner in this operation. When I first came to the plant, the plant was in a dire need of a renovation. Thanks to Mr. Deluz and his for sight, he invested his own money, over 3 1/2 million to bring the plant back from a old faucilty, to a operation of success. Mr. DeLuz and I, believed in taking care of **Big and Small ranchers**. Mr Deluz and myself believed in taking care of the local markets with good quality grass fed beef, **if Producers wanted to do their own brand and work with Local Super Market the Slaughter Plant would then charge them a toll processing fee**. It proved to be very successful. The Rancher ,Producer ,was able to make a little extra by working with the Markets directly. If it meant 30%-40% of the slots going to small Ranchers or Large Ranchers, it still mean success for all.

I support what Mr. Frank Vanderloot is requesting for an extension of the lease, I know more then anyone else that in order for this Local Grass Beef to be successful. The Industry has to work together. The Plant needs to be renovated and if Mr. Vandersloot will do that investment this Great for the Beef Industry, but it needs to be written in the lease , I would like to ask the Board to consider a revision to the lease to be sure that both the small Ranchers and Big Ranch (Producers) has the opportunity to do their own brands and work directly with the markets to get their brand in the stores. That slots will be available.

Thank you for your time.

Much Aloha

Jill Mattos

October 24, 2021

State of Hawaii
Department of Agriculture
Agricultural Resource Management Division
1428 S. King Street
Honolulu, HI 96814

RE: Resubmittal, Request for Approval of Extension of Lease Term, General Lease Nos. S-7000, S-7014, S-7015 and S-7016; Hawaii Beef Lease, LLC, Lessee; TMK: 3rd Div/4-3-005:002; 3rd Div/4-3-005-002-5002; 3rd Div/4-3-005-002-5003 and 3rd Div/4-3-005-002-5004, Hamakua Agricultural Park, Pohakuhaku and Kemau 1st, Hamakua District, Island of Hawaii, Hawaii

My name is Scotty Lewis, Owner of Lewis Cattle Co. I am a small rancher on the Big island that has a cow/calf and grass fat operation. I currently run approx. 200 cow pairs and have about 200 head of grass fat steers/heifers. I have been ranching/farming for the past 21 years. My operation is 100% grass fat operation, which means I don't not sell any calves to the mainland. I strongly support the approval of the extension of the lease term for general lease nos. S-7000, S-7014, S-7015, and S-7016.

I have processed livestock at the Paauilo slaughterhouse for the past 16 years. The processing facility is old and in dire need of renovations. This lease extension will allow for those renovations to be taken care of. I support the request for lease extension.

I am familiar with the Paauilo facility and no one to date has put money in to bring about improvements. I support Hawai'i Sustainable Beef Enterprises efforts to provide the resources to renovate the aging facility.

Thank you for the opportunity to give testimony on this matter.

Sincerely,
Scotty Lewis
Lewis Cattle Co.