

**ECONOMIC DEVELOPMENT, ENERGY,
AGRICULTURE, AND RECREATION COMMITTEE**
Council of the County of Maui

M I N U T E S

Council Chamber

August 18, 2015

CONVENE: 1:31 p.m.

PRESENT: VOTING MEMBERS:

Councilmember Don S. Guzman, Chair
Councilmember Don Couch (excused from 2:24 p.m. to 2:28 p.m.)
Councilmember Stacy Crivello
Councilmember Riki Hokama
Councilmember Michael P. Victorino
Councilmember Mike White (arrived at 2:38 p.m.)

NON-VOTING MEMBERS

Councilmember Gladys C. Baisa (left at 2:24 p.m.)

EXCUSED: Councilmember Elle Cochran, Vice-Chair

STAFF: Sharon Brooks, Legislative Attorney
Greg Garneau, Legislative Attorney
Pauline Martins, Committee Secretary

Ella Alcon, Council Aide, Molokai Council Office (via telephone conference bridge)

Denise Fernandez, Council Aide, Lanai Council Office (via telephone conference bridge)

Dawn Lono, Council Aide, Hana Council Office (via telephone conference bridge)

ADMIN.: Jerrie Sheppard, Deputy Corporation Counsel, Department of the Corporation Counsel

Kaero Ah Sau, Recreation Program Planner, Department of Parks and Recreation (Item 40)

Kenneth Yamamura, Agricultural Specialist, Office of Economic Development (Item 20)

David Goode, Director, Department of Public Works (Item 20)

Sananda K. Baz, Budget Director, Office of the Mayor (Item 33)

Mark Walker, Deputy Director, Department of Finance (Item 33)

OTHERS: Edward Roybal, Goodfellow Brothers (Item 40)

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PRESS: *Akaku Maui Community Television, Inc.*

CHAIR GUZMAN: . . . (*gavel*) . . . Committee of the Whole which...oh sorry, excuse me, Committee...EAR.

COUNCILMEMBER BAISA: Okay.

CHAIR GUZMAN: Economic Development, Energy, Agriculture, and Recreation Committee. I'm Don Guzman, the Chair of EAR Committee. Before we begin may I ask everyone to put on their, put their phones on silence mode. I'd like to introduce our Members today. We have Gladys Baisa, good afternoon.

COUNCILMEMBER BAISA: Good afternoon, Chair.

CHAIR GUZMAN: We have Don Couch, good afternoon.

COUNCILMEMBER COUCH: Good afternoon, Chair.

CHAIR GUZMAN: We have Stacy Crivello, good afternoon.

COUNCILMEMBER CRIVELLO: Aloha, Chair.

CHAIR GUZMAN: And we have Mike Victorino, good afternoon.

COUNCILMEMBER VICTORINO: Good afternoon, Chair.

CHAIR GUZMAN: We have excused, we have Elle Cochran as well as Riki Hokama. And Mike White will join us later. For our Staff we have Legislative Attorney, Sharon Brooks, also Legislative Attorney, Greg Garneau, Committee Secretary, Pauline Martins, and for our Corporation Counsel, Deputy Corporation Counsel, Jerrie Sheppard. Before we begin I'd like to ask anybody who would like to testify to please sign up in the lobby. If you are going to testify please come down to the podium, state your name and or organization in which you represent. You will have approximately three minutes to testify. You'll be limited to the items on the agenda. I'm gonna check in with our District Offices, starting with Hana Office are you there?

MS. LONO: Yes. Good afternoon, Chair. This is Dawn Lono at the Hana Office.

CHAIR GUZMAN: Good afternoon, Ms. Lono. On Lanai Office are you present?

MS. FERNANDEZ: Good afternoon, Chair. This is Denise Fernandez on Lanai.

CHAIR GUZMAN: Good afternoon, Ms. Fernandez. And on Molokai Office are you there?

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MS. ALCON: Good afternoon, Chair. This is Ella Alcon on Molokai.

CHAIR GUZMAN: Good afternoon, Ms. Alcon. And I'm gonna turn our attention to the Chambers, please call on the first testifier.

MS. BROOKS: There are no testifiers in the Chamber.

CHAIR GUZMAN: Oh very good. Turning back to our District Offices, in Hana Office is there anyone wishing to testify?

MS. LONO: There is no one waiting to testify in the Hana Office.

CHAIR GUZMAN: Thank you. On Lanai Office is there anyone wishing to testify?

MS. FERNANDEZ: There is no one waiting to testify on Lanai.

CHAIR GUZMAN: And on Molokai Office is there anyone wishing to testify?

MS. ALCON: There's no one here on Molokai waiting to testify.

CHAIR GUZMAN: Very good. Thank you very much ladies. I will disconnect at this point. On the...for public testimony without objections, we will close public testimony.

COUNCILMEMBERS: No objections.

COUNCILMEMBERS VOICED NO OBJECTIONS

CHAIR GUZMAN: Thank you.

EAR-40 DONATION OF A BATTING CAGE AT KALAMA PARK (KIHEI) (CC 15-213)

CHAIR GUZMAN: Members, starting with our first Item on the agenda EAR-40, the Donation of a Batting Cage at Kalama Park (Kihei). The Committee is in receipt of County Communication 15-213, from the Director of Parks and Recreation, transmitting a proposed resolution entitled AUTHORIZING ACCEPTANCE OF A DONATION OF A BATTING CAGE TO THE DEPARTMENT OF PARKS AND RECREATION, COUNTY OF MAUI, PURSUANT TO CHAPTER 3.56, of MAUI COUNTY CODE. The purpose of the proposed resolution is to accept from Shane Victorino Foundation a baseball batting cage and related improvements for Kalama Park in Kihei, Maui, Hawaii, valued at \$90,000. The Committee may consider whether to recommend the adoption of the proposed resolution, with or without further revisions. The Committee may also consider filing County Communication 15-213 and other related actions. Members, we have a donation offer by our one and only Shane Victorino Foundation to build a new batting cage for youth baseball players at Kalama Park, in Kihei. We have here

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today, on the floor we have Edward Roybal from Goodfellow Brothers. He's the project manager for the cage construction. We also have from our Parks and Recreation, our Chief of Recreation, Mr. Ah Sau here today, thank you. Before we begin, Members, I would like to ask the Department for any opening statements, the Parks Department?

MR. AH SAU: I have none.

CHAIR GUZMAN: Oh, you have none?

MR. AH SAU: Yeah, I have none, thanks.

CHAIR GUZMAN: Okay. And, Mr. Roybal, do you have any opening statements?

MR. ROYBAL: I have none either, thanks.

CHAIR GUZMAN: Okay. And I will ask Mr. Victorino if you would like to ask any questions or make any comments at this time?

COUNCILMEMBER VICTORINO: Thank you, Chair. And it is with great honor that I see that this is finally coming to fruition. My son has been very interested in developing batting cages throughout the County of Maui. And this is the first step in many. He feels that he wants to give an opportunity to our youth to have the same chances that he had as he developed as a ball player. And one of the things that was lacking in our ball parks and still lack in our ball parks is batting cages. And as, if you're a baseball player just like a golfer you need some where to practice your swing. And not actually be out on the field playing. But actually a place to practice your swing, you know, in golf courses they have driving ranges. Well batting cages is baseball's version of a driving range. And so he's really taking the first step. And he hopes this will be just the beginning for developing batting cages throughout the County of Maui. He also does some in Oahu. Because Oahu he has a golf tournament there and he gives back in that respect. However, like everything else it's taken a long while to get here. And there was a number of different challenges. The process is always hardest the first time out. And we've learnt a number of methodologies and means of not having delays in the future. So we hope that once this one is done that we can expedite and move into to other parks throughout the County and build batting cages so young baseball players and softball players will have opportunities that, you know, will enhance their chances of getting to even high school, collegiate and maybe even to the professional levels in their various sports. So that's his dream, this is what he bringing forward, and I'm very thankful that as his father I can be here to, you know, to discuss it. And to bring it forward. Thank you, Mr. Chair.

CHAIR GUZMAN: Thank you, Mr. Victorino. Also would like to call, acknowledge and thank Mr. Victorino the other Mr. Victorino Shane Victorino for all his support on Maui. It really is truly heartfelt and greatly needed. On the...are there any other questions? Mr. Couch?

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COUNCILMEMBER COUCH: Thank you, Mr. Chair. And on behalf of the, all the baseball players on Maui but especially South Maui I wanna thank Mr. Victorino, both Mr. Victorinos for bringing this forward. So I really appreciate it. Thank you.

CHAIR GUZMAN: Thank you.

COUNCILMEMBER VICTORINO: And I wanted Mr. Couch to know I particularly told Shane let's start in Kihei.

CHAIR GUZMAN: Wow.

COUNCILMEMBER VICTORINO: Just because I wanted to make Mr. Couch to feel good. The next one will hopefully be Molokai. And after that Upcountry. That's our plan but it depends on how everything falls together at this point in time, sir.

CHAIR GUZMAN: Wow that's great thank you very much. On behalf of Mr. Couch thank you. On the...I have a couple questions, when...for the Department or Mr. Roybal, excuse me. When do you anticipate completion?

MR. ROYBAL: Right now we are...

COUNCILMEMBER VICTORINO: Can you speak in the mic?

COUNCILMEMBER COUCH: Please speak in the mic?

COUNCILMEMBER VICTORINO: Yeah, please.

MR. ROYBAL: Right now we are on schedule to complete this project in particular at Kalama Park before November 20th -

CHAIR GUZMAN: Wow.

MR. ROYBAL: --of this year.

CHAIR GUZMAN: Okay. And how large is the, I guess cages? Is that what or is it just one unit or several units?

MR. ROYBAL: So it's a batting cage/bullpen. We have a in-place slab on grade that's about 3,040 square feet. On top of that slab we will have a roof structure that will be 13 feet on the low side and 16 feet 2 inches on the high side enclosed with a fence. Right next to the slab we will have two bullpen lanes that's just going to be on dirt.

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CHAIR GUZMAN: Sounds fairly large. Is there...on the part of the Department, Parks Department will the \$90,000 cover the entire construction, of the design and construction or is there any part that the County needs to supplement?

MR. ROYBAL: As of right now our budget is all inclusive, design and construction. We are involving community effort to help with the build process. And one thing that we are looking at right now in penciling out is archeological monitoring. We have not decided whether we are going to need that, if it's going to be required within our SMA Permit. So that's kind of the forefront of what we're not expecting to provide.

CHAIR GUZMAN: Okay. Is there any other questions that...Mr. Victorino?

COUNCILMEMBER VICTORINO: Thank you. And again from what I've been told that this area has been used for many years and there's no known archeological site. However, because it's in an SMA area these are some of the government bureaucracy we talk about. We're talking about a batting cage, we're not talking about a structure to live in, something that's there to help our children. And yet we have to go through a lot of hoops to get it done. Okay, we understand and we're not opposed to it and we'll do the best we can. And I also wanted to recognize the fact that Goodfellows has donated a lot of their time as well as some others in the actual construction. And I wanna thank Steve and the family and you, Ed, for being there. Because they also are a big part of it that's why the cost can be as what you saw, 90,000. Something like this could cost in excess of 150,000 to 200,000. If you were to pay for everything, construction start to finish. So we are, you know, very happy to have another public service company that really comes forward and helps us when we need it for our children. The benefactors are going be the children of South Maui and others who are in the area, you know, when you have tournaments and others they'll be able to use it. It's just not a batting cage, like you said there's two bullpens.

CHAIR GUZMAN: Right.

COUNCILMEMBER VICTORINO: The reason there's no surfacing on both pens or no hard top is when you're throwing a ball you don't want a ball bouncing back at you --

CHAIR GUZMAN: Right.

COUNCILMEMBER VICTORINO: --and hurting you so that's why it will be all dirt. But my hope is that we'll be able to complete this by November 20th, as it has mentioned because on the 20th he would like to...he'll be here and he wants to dedicate it to the County of Maui.

CHAIR GUZMAN: Very good.

COUNCILMEMBER VICTORINO: So that is our plan at this time. So barring no major setbacks hopefully this will be ready for the people of Maui County, especially the

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children of South Maui, to be able to be utilized for their, you know, for their improvement and their play as far as baseball players and softball players are concerned. Thank you, Chair.

CHAIR GUZMAN: Thank you, very good. Mr. Ah Sau, is the Parks Department going to be equipped to be maintain the batting cage facility?

MR. AH SAU: I was told that the Kihei Little League will be managing and doing the maintenance on this facility with the help from Parks Department.

CHAIR GUZMAN: Is that through a partnership agreement or?

MR. ROYBAL: That would be through an agreement between the Shane Victorino Foundation and Kihei Little League. Yeah.

CHAIR GUZMAN: Okay. I know that we have some, coming down the pipe we'll have some issues coming with union stuff but that we'll hear about it later. But anyways is there any other questions? Ms. Baisa? Nothing?

COUNCILMEMBER BAISA: No but I would like to add my thanks to the Victorinos for the generous donation and to everyone who's been a part of making it happen. Thank you very much this is Maui No Ka Oi.

CHAIR GUZMAN: Thank you. I'd like to recognize the presence of Mr. Hokama.

COUNCILMEMBER HOKAMA: Chairman.

CHAIR GUZMAN: Thank you. Anything?

COUNCILMEMBER CRIVELLO: Well I certainly would like to express a deep mahalo to the Shane Victorino Foundation. And got to give kudos to his wife, he mentions her in his letter. So I'd like to say a mahalo for remembering our youth. And all the help that we can receive is surely appreciated. So thank you.

CHAIR GUZMAN: Thank you. So at this time the Chair will recommend a motion to adopt the proposed resolution entitled AUTHORIZING THE ACCEPTANCE OF A DONATION OF A BATTING CAGE TO THE DEPARTMENT OF PARKS AND RECREATION, COUNTY OF MAUI, PURSUANT TO CHAPTER 3.56, OF THE MAUI COUNTY CODE, and filing of County Communication 15-213.

COUNCILMEMBER VICTORINO: Mr. Chair, I proudly move that motion.

CHAIR GUZMAN: Moved by Mr. Victorino.

COUNCILMEMBER COUCH: Second.

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Houses of Congress. It would be amending this Controlled Substance Act to remove industrial hemp from the list of controlled substances. Industrial hemp is produced from the same plant as marijuana *Cannabis sativa L.* but is commonly used in clothing, foods, and various other products. Currently industrial hemp is regulated as a form of marijuana. The bill will define industrial hemp based on insignificant levels of delta-nine tetrahydrocannab...oh my God...tetrahydrocannabinol...THC the active ingredient in marijuana. It would exclude industrial hemp from the definition of marijuana, thereby allowing it to grow as an agricultural product. The bill has 9 co-sponsors in the Senate and 60 co-sponsors in the House of Representatives, including Representative Tulsi Gabbard. The passage of this bill would boost agriculture in Maui County and allow cultivating this ancient crop with many countries are using successfully to manufacture a variety of products from hempcrete, to the use of building materials, fibers for rope, clothing and other manufactured items, to anti-carcinogenic medicines, to biodiesel fuels. We have with us today as mentioned, Kenneth Yamamura, the Agricultural Specialist, with the Office of Economic Development, as well as David Goode, from the Public Works Department. Before we begin I would like to ask any opening statements from Mr. Yamamura.

MR. YAMAMURA: Good afternoon, Chair and Members of the Committee. I'm in favor of this bill. I think we need to support and get this going. We need to help agricultural and give them the broadest range of products that they could grow. I mean we don't know really how successful we will be growing this. We're at the stage of just researching, whereas if you look at Canada, they've been growing legally, the hemp, since 1998; so they're way ahead of us in their use of the product.

CHAIR GUZMAN: Mr. Goode, I believe that you're here on in the aspect as hemp as a building material. And if we could get any opening comments from you as a representative of your Department.

MR. GOODE: Okay. Thank you, Chair. And good afternoon, Members. Dave Goode, Department of Public Works. We don't have a lot direct Department experience with hemp other than the use you saw perhaps in *The Maui News* a few months ago where it was used when mixed with other products as an insulation material in a building. So it was something that was presented to us by the architect Mr. George Rixey who I understand is very knowledgeable about these products. And we did some research and we wrote him wrote back and said yes it would work for us on our building codes and require certain inspections to make sure it was done in accordance with the manufacturer's specifications.

CHAIR GUZMAN: Okay. Mr. Couch, do you have any questions or comments?

COUNCILMEMBER COUCH: Both. I wanted to thank you, Mr. Chair, for bringing that up. My letter was in reference to, you know, the State has an act, Act 56 (2014), that allows for the testing of industrial hemp. And it defines industrial hemp as you

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mentioned in your opening remarks. Having gone to the same conference or workshop that you, I think you were there as well as a few other Members.

CHAIR GUZMAN: I believe Ms. Baisa was there.

COUNCILMEMBER COUCH: Ms. Baisa might have been there too. Saw some very good uses for a product that we're importing from all over the world. We are, the United States is importing a whole lot from all over the world. So I wanted to bring it up to and this...these two bills are just jive perfectly as to what we're trying to do. I think it should be more than experimental here right now. All the State allows is for an experimental use. I know that there has been some research done a little bit about there's the growing seasons ...*(inaudible)*... a little too short for the optimum amount of growth that they want. But still it's not enough to kill it. So I really appreciate it. Just as a side note, "canvas," the word "canvas" comes from the Latin word Cannabis. So even canvas is a sturdy cloth made from hemp or flax. So it's been around, it's got a number of great uses. And I think we are missing the boat. And if we're looking for, you know, say HC&S were to have some issues and have to close down. This could be something to keep the valley green and uses a lot less water than sugar cane. So I mean that's, there's a viable crop if there's a market. That's the other the big if and I think there's a ton of market because we're importing the products already from all over the world. So really appreciate it. Kentucky's doing it right now. They are doing a great job on it. And we might as well step in line, you know, get in line at the beginning as opposed to try to catch up. So and right now according to those that are trying to study this and make it work here, the big issue is getting the seeds. The issue is the seeds. So I think this legislation that the U.S. Congress is doing if we can...the more we can get to call them if everybody who testified today just on short notice sent their list out and sent all this to the U.S. Congress once we pass this I think we're going to be in good shape. The question I have...so I wanna thank you by the way.

CHAIR GUZMAN: Oh yeah.

COUNCILMEMBER COUCH: Thank you for bringing that up. The question I have about the house or the cottage in Kihei. Mr. Goode, you said it was insulation material or is it the hempcrete? 'Cause we saw a demonstration of what is called "hempcrete." And that's actually a building block material that I thought that's what that house was made of but I'm not sure.

CHAIR GUZMAN: Mr. Goode?

MR. GOODE: Yeah. My understanding is it was some type of installation product but when it has the word "crete" in it, it makes me think that it's more sturdy and can be used for structural uses, but I'm not positive.

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COUNCILMEMBER COUCH: So as long as it meets certain standards, 'cause I don't know that hempcrete is listed in the International Building Code, it might be. But so as long as it meets certain structural standards and pressure and all that it should be okay to be used here?

MR. GOODE: Mr. Chair and Mr. Couch, the, at least for insulation, it needs to produce what we call an R-value right, so it has, which is basically an installation value. So we have requirements, standard requirements for housing in our model or what's called our Energy Code. Which, by the way, we will be coming forward shortly with a new Energy Code, so it's good to start talking about it. But so it has like I think it's R13 in the walls and R19 or R30 in the ceilings. So as long as it can demonstrate that it meets those numbers. So in this case the product information was shared with our staff and enough information was provided that we're confident it was going to meet it as long as it was installed correctly.

COUNCILMEMBER COUCH: Okay. Alright so that still, there's still, that was one of the properties that if you look up some of the sites and some of the facts on that it can get up to an R85 value. So for insulation it's a get product for insulation but it also, as we saw, is a very, very sturdy product for actual building materials as well. So...

CHAIR GUZMAN: And they say it's mold free. I guess it...

COUNCILMEMBER COUCH: Correct.

CHAIR GUZMAN: Yeah.

COUNCILMEMBER BAISA: Right.

COUNCILMEMBER COUCH: Correct.

COUNCILMEMBER BAISA: Right.

CHAIR GUZMAN: And then...

COUNCILMEMBER COUCH: So yeah, so...

CHAIR GUZMAN: I guess like in the state of Idaho they're already using it as a concrete --

COUNCILMEMBER COUCH: Right.

CHAIR GUZMAN: --type building material.

COUNCILMEMBER COUCH: So my question to the Department or to the Chair is if it isn't allowed--and I'd like to know if it is, if you can research that and get back to us--if it

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isn't allowed I'd love to be able to put it in the Building Code or whatever, wherever would be suitable for you to okay that if it were being used.

CHAIR GUZMAN: Okay. We'll follow up with a letter.

COUNCILMEMBER COUCH: Okay. Thank you.

CHAIR GUZMAN: And then...

COUNCILMEMBER COUCH: Thank you, Chair.

CHAIR GUZMAN: Mr. Hokama, since you are very familiar with what's going on in Congress as well as other jurisdictions that are supporting this, the bill that's presently in both Houses, the Industrial Hemp Farming Act of 2015. Do you have any information or knowledge or opinion as to what's going on with this bill?

COUNCILMEMBER HOKAMA: Chairman, thank you. I would just say the Senate seems to be a little bit more work oriented to get things through their docket and off the Senate floor. And like many other issues in the House, part of the issue is it cannot come out of Speaker's Office. Speaker being either places they hold which is their way, you know, in the Senate the minority has great power because of the requirement of closure which takes 60 votes. So the Senate operates slightly different but I would say, Mr. Chairman, that I think this is a very timely consideration. And when it's my turn I would ask to be allowed to ask certain questions. But regarding Congress, I would say that the roadblock of many things before the body in D.C. is the House.

CHAIR GUZMAN: Yeah. The House. Okay. Why don't I ask the Staff, can you read the reso for the record so that the Members and the public know what we're dealing with?

MS. BROOKS: Resolution.

CHAIR GUZMAN: Yeah.

MS. BROOKS: Resolution, resolution...

COUNCILMEMBER BAISA: Closer to the mic, cannot hear.

MS. BROOKS: Resolution urging Congress to pass The Industrial Hemp Farming Act of 2015. WHEREAS, the cultivation of sugar cane and pineapple has been traditionally a critical part of Maui County's economic base for over 100 years; and WHEREAS, the cultivation of sugar cane and pineapple has dwindled dramatically in Maui County to approximately 36,000 acres of sugar cane and 1,350 acres of pineapple; and WHEREAS, only 230,000 acres are engaged in active farming activity out of a total of 402,354 acres zoned Agriculture in the County; and WHEREAS, agriculture remains an important element in Maui County's economic and land use patterns, with the

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trend moving towards more agriculture diversification; and WHEREAS, Maui County's agriculture lends itself to the preservation of our sense of place and serves as a background of scenic beauty for residents and our primary economic driver - the tourism industry; and WHEREAS, the industrial hemp industry is enjoying a significant and growing revitalization worldwide, and in the United States as faltering agricultural economies in a number of states create pressure to investigate alternative crops, including industrial hemp; and WHEREAS, to date, twenty-two states have passed some form of hemp legislation, with thirteen of these establishing commercial industrial hemp programs by statute; and WHEREAS, on April 30, 2014, Hawaii Governor Neil Abercrombie signed Act 56 (2014) into law legalizing the limited growing of industrial hemp for research purposes, making Hawaii the 11th State to legalize industrial hemp; and WHEREAS, on February 7, 2014, President Barak Obama signed the Farm Bill of 2013 into law, whereby Section 7606 of the act, "Legitimacy of Industrial Hemp Research," defines industrial hemp as distinct and authorizes institutions of higher education or State departments of agriculture in states where hemp is legal to grow hemp for research or agricultural pilot programs; and WHEREAS, hemp is a fiber and seed crop with the ability to grow in almost any soil, with minimal maintenance and is a \$500,000,000 import industry in the United States; and WHEREAS, industrial hemp's three raw materials - fiber, hurds, and seeds - can be used in more than 25,000 products, including textiles, ropes, plastics, resins, particle board, hempcrete, paper products, soaps, shampoo, skin care products, biodiesel, food, vitamins and oil, among others; and WHEREAS, industrial hemp is commercially produced in more than thirty countries including Canada, Great Britain, France, Germany, Romania, Australia, and China, without undue restriction or complications; and WHEREAS, industrial hemp is distinct in its relative marijuana, in that hemp contains less than one percent of the psychoactive chemical THC; and WHEREAS, industrial hemp is currently regulated by the Federal government as a form of marijuana, which is classified as a Schedule I drug; and WHEREAS, the Controlled Substances Act of 1970 specifies the findings to which the government must attest in order to classify a substance as a Schedule I drug, and those findings include that the substance has a high potential for abuse, no accepted medical use, and a lack of accepted safety for use, none of which apply to industrial hemp; and WHEREAS, Senate Bill 134, The Industrial Hemp Farming Act of 2015, which was introduced on January 8, 2015, by Senator Ron Wyden and three original cosponsors Senators Mitch McConnell, Jeff Merkley, and Rand Paul currently has nine bipartisan cosponsors; and WHEREAS, House of Representatives Bill 525, The Industrial Farming Act of 2015, which was introduced on January 26, 2015 by Representative Thomas Massie currently has sixty bipartisan cosponsors including Representative Tulsi Gabbard who represents the people of Maui County; and WHEREAS, the purpose of the act is to amend the Controlled Substances Act to exclude industrial hemp from the definition of "marihuana;" and WHEREAS, the bill would create new jobs and open a diverse market for farmers in Hawaii and other states; now, therefore, BE IT RESOLVED by the Council of the County of Maui: that it hereby supports the proposed legislation to amend the Controlled Substances Act of 1970 to exclude industrial hemp from the definition of "marihuana"; and that it hereby urges the

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United States Congress to pass the Industrial Hemp Farming Act of 2015; and that certified copies of this resolution be transmitted to the...

CHAIR GUZMAN: I guess we can skip the transmittal part of it. Thank you. There's quite a bit of Representatives that are listed there on the transmittal. So now the Members and the general public have an idea of what the resolution put, is put forth. Is there any other questions or comments from the Committee. Ms. Baisa?

COUNCILMEMBER BAISA: Thank you very much, Chair. I'm not a voting member of this Committee, but I wanted to be here today to show my support. I think that this is very, very important and having had the opportunity to attend that conference and speak with people who know, it made it very clear to me that a lot of the things that I've been told are not true and there's a lot of misinformation out there. And so I just want to say that I thank you for bringing this forward and I hope that we'll get it out of Council real soon because we need to deal with this. You know, having seen that building product that they showed us, that is important. You know, how we're struggling to build housing here, and if there was any way that we could find a material that we could grow and produce here that might help with our costs along with a whole bunch of other benefits. So I again want to express my support. Thank you.

CHAIR GUZMAN: Thank you, Ms. Baisa. I also remember the saying that you could grow your own house --

COUNCILMEMBER BAISA: Yes, yes.

CHAIR GUZMAN: --at that conference, very interesting concept. Any other questions that we have? Mr. Hokama?

COUNCILMEMBER HOKAMA: Chairman, thank you. First, thank you for bringing this forward today. And I wanna thank Mr. Couch for being initiative and industrious enough to propose it. Like I said earlier, Chairman, I think one of the things that on the Senate Bill you would take great notice of is when you have their majority leader presiding officer signing the proposal and that's Senator McConnell of Kentucky. Now if you know what's happening with Kentucky and Tennessee you can understand why people like Rand Paul and whatnot are open to this consideration. They're very heavily dependent on coal. And there's a great move to get off of coal or the coal I would say is maybe, in round numbers, one-third the cost of alternate energy production on a commercial scale and that's including solar, wind, and other alternative forms. You cannot beat coal on a megawatt cost at this point in time. So you cannot beat fossil fuel. You know, once it goes down below \$50 a barrel it's going to be a hell of a lot cheaper to buy fossil fuel than any other type of fuel. And that's just plain economics. And with that I say that because right now we don't know what to do with one million gallons a day we get from Saudi and where are we going to store it. We are at capacity in storage and yet we still bring in an additional million of

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barrels of Saudi oil a day. We cannot even...and so we've stopped production in North Carolina with shale and everything else back in our sister counties there. But what I'm interested in supporting this, Chairman, is of course the last whereas clause. I am hoping there's some kind of documentation or something we can support that would allow us to get the ability to get a sense of what kind of jobs we talking about, the numbers of new jobs, what type of market opportunities does this mean we have to prepare and give for manufacturing. And if so is our Zoning Code sufficient enough for future manufacturing requirements in this County? I'm not sure, Chair, but I'm open to getting the due diligence done so we can make educated decisions. But I would hate to create false sense of what this potentially can be by just saying we're gonna create all these new jobs that open a diverse market. So what is our goal? To make sure that all current Ag zone lands are continued to stay in production? I find it interesting and again I know it was maybe an oversight but we left Farm Bureau out of this transmittal. We placed HC&S but why wouldn't we talk and have Pulama Lanai, big access to agricultural lands on Molokai...Lanai. Molokai we have the ranch and others that have agricultural lands. We don't list them as landowners that should be considering this as an alternative use of their agricultural lands. So I'm just making suggestions on, 'cause I think we need to get our big landowners excited, if possible, to go back to active agriculture and there allow us to reduce the subsidy we provide agriculture on an annual basis through General Fund. So for me it's a bigger picture than just industrial hemp. This is about the overall revenue generation for this County through agricultural sector and keeping it viable as the State Constitution had intended agriculture to be. So that's what I would say, Chairman, you know, if part of this in your Committee report I am very supportive of making sure there's resources to get the documentation and verification of the jobs portion and what we are meaning by a diverse open market situation, 'cause I would like it to be a Maui thing. But if it's a Maui thing as regulated by the federal government, we should know that; or a Maui thing, as how the State Department of Health would like us to operate, I would like to know that 'cause I'm not too keen of being under other jurisdictional regulators myself, we have enough --

CHAIR GUZMAN: Right.

COUNCILMEMBER HOKAMA: --with federal oversight. So I don't know if Mr. Goode or --

CHAIR GUZMAN: Do you have any comments, Mr. Yamamura?

COUNCILMEMBER HOKAMA: --you folks have documentation of what we looking at, potential, you know, 1,000 operational jobs, up to 200 manufacturing jobs, and we'll need this type of construction and development to make this thing work. Do we have a sense of scope and potential that the County can take a look at or we have no sense of what's out there yet?

MR. YAMAMURA: Probably no sense of where we need to go and what to put up in the way of infrastructure. I mean for me I never grew hemp so I have no personal experience.

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COUNCILMEMBER HOKAMA: But, you know, but we gotta have some historic, I mean the Navy, you know -

CHAIR GUZMAN: Yea.

COUNCILMEMBER HOKAMA: --harvested from the State a lot of sisal plants or whatnot during the war for rope and they used our native sisal that was grown in the islands, that much I know. Even on Lanai they harvested the sisal for rope production. So, you know, I mean do we have a sense that the Navy in Hawaii, you know, needs 1 million linear yards of four-inch diameter rope a year for mooring and anchoring requirements for vessel. I mean, you know, I'm trying to get one sense of if we're going if we need to invest let's start thinking about it.

CHAIR GUZMAN: Right. And you have a good point, Mr. Hokama, on let's...once we, if this resolution gets passed out, I think in support of our Congressional Representatives I think we should do our due diligence and look at the other 22, I think it's 22, oh 30 countries that actually produce hemp as a fiber or as a product itself. We have Canada which is our neighbor right next door. Great Britain, France, Germany, Australia those are the other countries we can look at. We don't need to go, you know, very far to see what other countries are doing to I guess change their infrastructure or their way of doing business and producing this type of agricultural product and make it productive. I think there are other states that are also producing hemp. And we can also look at those states in what they're doing to, you know, change their agricultural business of doing things.

COUNCILMEMBER HOKAMA: And, Chair, I think one other thing I would be interested in is does this need to be of a certain commercial scale whereby for some of our maybe more independent and want to do small scale agriculture, you know, if this doesn't fit that group then we should be upfront with them and say this is not for you guys. We're looking at properties that can have X amount of hundred acres --

CHAIR GUZMAN: Right.

COUNCILMEMBER HOKAMA: --of productivity. 'Cause by scale that's where they're going to make their profit, it's matter of scale. Not by, you know, if you're a two-acre farmer, unless you coop, you ain't going to make it --

CHAIR GUZMAN: Right.

COUNCILMEMBER HOKAMA: --'cause you don't have scale or critical mass to make it viable financially. So, you know, those are the kind of things we need to get information on, Chair, so that we can make the right choice. 'Cause if this is let's say Maui says we wanna be the manufacturing capital of the State for Hawaiian wear through industrial hemp as the basis. Wow I mean, you know, that's fine but we gotta plan ahead and

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say where do we put our manufacturing plant, and those kind of things. So I mean I see the potential and I agree we got to investigate. But I think we need to be real to the community what they can expect and it's not this pipe dream of, you know, this the silver bullet to our problems.

CHAIR GUZMAN: Right, right. But it's someplace where, you know, it's a starting point and I believe that if we don't start supporting it then we may be, you know, on the tail end of it where we're left without anything. They may not pass anything at the Congressional level. So then we would deny even the opportunity to even think about hemp as a product or another diverse crop that we could possibly grow here on Maui. But we actually I'm going to keep this, the resolution itself has a different EAR number. The subject matter stays in this Committee. So we are going to keep on researching all the viable opportunities with hemp. As I said the subject matter stays in this Committee. And so with that, Mr. Couch?

COUNCILMEMBER COUCH: I think Mr. Victorino had something.

CHAIR GUZMAN: Oh, Mr. Victorino?

COUNCILMEMBER VICTORINO: I've been waiting but that's okay.

CHAIR GUZMAN: Oh sorry I didn't see your hand up.

COUNCILMEMBER VICTORINO: Although Mr. Hokama brings up some very good and interesting points, I agree with you, Chair, that we are at the point now that we need to start moving and this is just one step. We are asking for Federal support to recognize hemp as a legal product that we can produce for building purposes and other usage, right? And hemp was, at one time in this country, one of the most largest grown crops for production, and hemp was what most mariners used for their riggings and for ropes for their sailing vessels. And there were many other uses of hemp, furniture, other clothing. And so history has shown us that this is a viable product. I understand Mr. Hokama's concern about large, small but I don't think we've gotten to that point. I, too, attended the conference--although nobody saw me there, right?--however, one of the things that I got out of it was that it is the time and place for which we in Hawaii, because of our season which is almost universal, one season, can be really a real leader as far as growth of hemp, and whereas in other parts of the United States that's not quite so true. So I can support the resolution asking Congress, although I agree with Mr. Hokama the House is the main stumbling block when it comes to issues like hemp, and let's not, you know, let's not lose the sight of that. They have been very negative as far as hemp and other situations. And I think they will be, it'll be difficult to get it passed the House, but that's another story. If we, we're in line to support then I can support, you know, I would like to see it legalized so that we don't have this challenge. It is not marijuana, it is not what we call marijuana, it is very different. And so I think as a building product, as a clothing product, as a material that can be used in many aspects of our lives, I think this is the

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time to look at it. Can it be...and I disagree with Mr. Couch as replacing for sugar, replacement for sugar cane and all that. I'm not sure but I will say that it is another card that we can use in the deck of agriculture here in Maui County. So I'm willing to look at it in that respect. I don't want to see our sugar industry go out until those jobs and those people are protected, you know, and that there are a real true opportunity for another crop to come in and be viable as far as employment situation is concern. So with all that being said I will support, you know, this resolution. I think it's long overdue, and whether Congress listens or not the point is we stepped up to the plate and gave it our best shot. Thank you.

CHAIR GUZMAN: Ms. Crivello?

COUNCILMEMBER CRIVELLO: Thank you, Chair. I, too, would like to support this resolution to urge Congress to pass the Industrial Hemp Farming Act. If you're a child of the late '60s and the '70s you knew where actual hemp was a, many of your byproducts or value added products were made of hemp. Whether it was your clothing or your bath soap or what have you. So I think if we can get this first step going I can appreciate you bringing this forward. And I'm sure that we can get this happen sooner than later. So I, too, don't know how this would be in place of sugar cane and that would be up to HC&S as to what sort of crop they wish to grow. But there's also renewable energy that talks about utilizing, I think our own Bob King, from biodiesel, King Biodiesel [sic] or Pacific Biodiesel hopes that this can become a reality as far as growing the hemp for as part of the biodiesel process. So let's just cross our fingers that we can have this happen and Congress will pass it through. So thank you.

CHAIR GUZMAN: Thank you. Thank you very much.

COUNCILMEMBER CRIVELLO: Thank you, Chair.

CHAIR GUZMAN: Without any further questions...oh yeah, Mr. Couch?

COUNCILMEMBER COUCH: I don't know how you wanna do this but I was going to ask if we can just as friendly or not even an amendment but just add the, as Mr. Hokama said, the Farm Bureau, and I would include the Farmer's Union, Pulama Lanai, and Molokai Ranch as recipients.

COUNCILMEMBER HOKAMA: DHHL.

COUNCILMEMBER COUCH: And DHHL?

COUNCILMEMBER HOKAMA: Hawaiians Homes need to...

CHAIR GUZMAN: And Hawaiian Homes?

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COUNCILMEMBER COUCH: Yeah, DHHL --

CHAIR GUZMAN: Okay.

COUNCILMEMBER COUCH: --as --

CHAIR GUZMAN: Without any objections --

COUNCILMEMBER COUCH: --recipients.

CHAIR GUZMAN: --is it, Members, we will add those a friendly amendment?

COUNCILMEMBERS: No objections.

CHAIR GUZMAN: Okay. Thank you. So, Members, at this time the Chair will entertain a motion to recommend the adoption of the proposed resolution entitled URGING CONGRESS TO PASS INDUSTRIAL HEMP FARMING ACT OF 2015.

COUNCILMEMBER VICTORINO: So moved, Mr. Chair.

COUNCILMEMBER COUCH: Mr. Chair...Mr. Chair I move to adopt the resolution, the revised resolution, and file County Communication EAR-20.

COUNCILMEMBER VICTORINO: Second, Mr. Chair.

CHAIR GUZMAN: The motion by Mr. Couch, seconded by Mr. Victorino. Any further discussion? Mr. Hokama?

COUNCILMEMBER HOKAMA: Just a quick question for me, Mr. Couch. I'm very supportive of the motion on the floor, Mr. Chairman. So supporting this and if we get it accomplished then this takes away even the need for us to have an research agricultural pilot project right?

COUNCILMEMBER COUCH: Correct.

COUNCILMEMBER HOKAMA: We don't need to go through that process at all? We can go to...

COUNCILMEMBER COUCH: That's my understanding. Mr. Chair, that's my understanding, although I'm not a lawyer. I would think if this bill passes here the whole research bill stuff goes away.

COUNCILMEMBER HOKAMA: Right. So at...currently then the counties can put forth a proposed agriculture research pilot project and do on industrial hemp?

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CHAIR GUZMAN: It's only limited to Honolulu. You wanna?

COUNCILMEMBER COUCH: Correct, I believe it is just limited to Honolulu. And I know at one time HC&S was looking into it 'cause they had a deal that they could do that. But they said the biggest issue--and I'm reading also that Kentucky is still having this issue--is the seeds. Is getting the seeds 'cause those are heavily controlled by DEA, they can't tell the difference between the two. So that's where the issues are with the research. If you, if we make this open it up it seems that it would open up the whole thing.

COUNCILMEMBER HOKAMA: Okay. Well wouldn't that have the same issue with medical marijuana? The seed is the seed I mean...okay, I understand their challenge. Thank you very much. Chairman, again thank you, I'm supportive of the motion on the floor.

CHAIR GUZMAN: Thank you. I also wanted to add, you know, when, I did put forth an amendment to the HRS bill, that only provided for research on Honolulu. And I tried to get, I think I pushed it through HSAC that amendment to allow the research on Maui, but it didn't go anywhere.

COUNCILMEMBER COUCH: Right.

CHAIR GUZMAN: So, Mr. Couch?

COUNCILMEMBER COUCH: One last thing and for anybody who's going to be reading this online or in the paper, we have spelled "marihuana" the way it is spelled in I guess the Congress, the Controlled Substance Act spells "marihuana" with an H. So we have not made typos in here. So anybody who reads it, that's not our doing. Okay. Thank you.

CHAIR GUZMAN: Okay. Any further discussion?

COUNCILMEMBER HOKAMA: And Chair?

CHAIR GUZMAN: Mr. Couch...Mr. Hokama?

COUNCILMEMBER HOKAMA: Just quick 'cause I'm sure Mr. Couch, Police understands the difference between hemp and marijuana?

COUNCILMEMBER BAISA: Yeah.

CHAIR GUZMAN: Yeah.

COUNCILMEMBER HOKAMA: 'Cause we need to have enforcement aligned with us on this and not take a different attitude or definition of what we're trying to get accomplished, Chairman, so thank you.

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Molokai Diversified Agricultural Loan Program under Act 387 session laws of Hawaii 1988. This act has been in existence for about I believe 27 years. And I understand that Maui has implemented it in some degree but I'm not sure. I, a week ago I requested that, Mr. Baz, provide some details about the program; and for your reference, Members, we do have the act that was handed out to you. It's Act 387 I believe in 1988. Members, would you like me to read it through just so that you get a better understanding of what we're dealing with? And then we'll ask Mr. Baz some questions. So I'll go ahead and read it on the record, Act 387 be it enacted by the Legislature of the State of Hawaii: Section I, the Legislature finds that the economy of the island of Molokai is critical...is at a critical juncture. The residents have long relied on the pineapple industry as a major provider of jobs; however, since the closure of Dole Company's operations in 1976 and the reductions of Del Monte's operations in 1983, hundreds of Molokai residents have been jobless and the island's unemployment rate at over 14 percent is the highest in the State. The Legislature further finds that to revival, to revive of the Molokai economy is contingent on the development and growth of small businesses, especially in diversified agriculture, and that it is in the public interest to provide financial support to facilitate such development and growth on Molokai. The purpose of this act is to establish a revolving loan program to stimulate business development and growth in diversified agriculture on the island of Molokai. Section II, there is appropriated out of the general revenues of the State of Hawaii the sum of 250,000, or so much thereof as may be necessary for Fiscal Year 1988-1989 for the establishment of the revolving loan program to provide financing opportunities for small business ventures and diversified agriculture on Molokai. The sum appropriated shall be expended by the County of Maui for the purpose of this act. Section III, Subsection A, the County of Maui shall establish a temporary revolving loan program to provide financing opportunities for small business ventures in diversified agriculture on Molokai. To carry out the loan program, the County shall establish a revolving fund from which monies shall be loaned in accordance with this act and into which all payments interest and fees collected by the County on such a loan shall be deposited. Subsection B, the program shall provide loans to qualified applicants with the following terms and conditions: No. 1, no loan shall be granted unless financial assistance is not otherwise available to the applicant; No. 2, the amount of a loan or loans to any one applicant at any one time shall not exceed a 150,000;. No. 3, the maximum term of a loan shall not exceed 20 years;. No. 4, each loan shall bear interest conforming to the Department of Agriculture's "Agricultural Loans," rates, policies, and practices; and No. 5, the commencement date for the repayment of the first installment on the principal and interest of each loan may be deferred by the Mayor of the County of Maui for a period not to exceed two years. Subsection C, the program shall be administered by the County of Maui. The County of Maui, in consultation with the Department of Agriculture, shall adopt rules to carry out the program's purpose. The loan application shall be reviewed initially by the credit review committee of Molokai task force. The committee shall make recommendations regarding the suitability of the proposed business concepts. The County of Maui shall make the final decisions to approve or disapprove the application. Section 4, the

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County of Maui may expend up to 40,000 from the revolving fund in each year the revolving loan program is in operation for the purpose of hiring a professional staff person for, and to cover the operating costs of the program. Section 5, the County shall annually submit a written report as of December 31st, to the Governor and the Legislature on the progress of the revolving loan program for each year the revolving loan program is in operation. So, Members, I did send a letter to Mr. Baz and it is dated August 13, 2015. And I'm going to put that on the record as well. My questions are No. 1, please provide a history and description of the loan program from its inception in or about 1989 to the current date including all amounts received from the State. A list of all loans and, if any, grants made from the program together with the recipients, purpose, amount, and repayment history for each. And No. 3, copies of all reports made by the County to the Governor and the Legislature on progress of the loan program for each year of its operation. So I'm going to ask Mr. Baz and Mr. Walker if they have any opening statements. Thank you.

MR. BAZ: Good afternoon, Chair and Members. I see you again, this is the fourth time in two days. Feels like Budget Session again. Okay so we have the Molokai Diversified Agriculture Revolving Loan Program. As the Chair described, Act 387 of 1988 enacted this ag loan program. It's been on our books for a very long time without any activity. I know every year during budget we...it comes up and we say okay we have \$281,000 in there and not sure even how to use it or spend it. So I really appreciate the Committee's review of this item so that we can discuss. You know, as the Chair read Act 387 is pretty specific to items, requirements of the loan program that we enact. We did try to do some research. We could not find any administrative rules that were enacted on the County's behalf for this program. Nobody in OED, the longest term person in OED has been there for 12 years and she didn't have a clue as to what this program was. Our Finance Department has some records but not significant, they are scattered and not complete, let me put it that way. We're...I'm working with the...what's her...Internal Control Officer, the Acting Account System Assistant Administrator to research and dig through these files and figure out 'cause there's actually two programs we found. We don't know if...in Finance they look like they're different programs but we don't know if they're the same program or a related program that the State had us manage for them 'cause we were remitting payments back to the State for that. We were keeping the payments for some of the loans and we were remitting some of the payments for the loans back to the State. So it's going to take a significant amount of research. And that's why I apologize, Chair, I couldn't respond with information you requested by yesterday's deadline and requested that we have until end of September to write a research and get that information to you that you requested. I did find the Hawaii Administrative Rules for the State Department of Agriculture, Agricultural Loan Program, which it does make reference to, we have to follow the State's administrative rules, and reviewed some of the language has changed in the State administrative rules as compared to what we see on 387 as well. So it'd be hard to implement. As I mentioned during budget session the Molokai task force is something that I'm not sure is in existence any more. Member Crivello shared the history of it and I thought that was very appreciative and some very important

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people from Molokai were a part of this Molokai task force that helped at the time to get the economy, you know, moving forward. But that, being that it specifically calls out the credit committee of the Molokai task force and there is no task force any more, that'd be one huge stumbling block for us implementing this program no matter how many administrative rules we adopted or anything. So at this point my recommendation is going to be that we continue to work to reconcile what we have available in the records that we have and then maybe approach the State to have this act appealed possibly, allowing us to keep the money providing it as grants or some other revolving loan program for Molokai that we could enact with a little bit more clarity in the procedures. Or if that's the case and they don't want us to then, you know, we remit the balance to the State as a refund of their monies to us. So kind of where we're at right now, Mr. Chair.

CHAIR GUZMAN: Okay. Thank you. Members, yeah, this is for discussion so if we, I know that Mr. Baz needs more time for research. So we need, if you can pose some questions I have Staff that will take notes and I will put it in a formal letter to follow up to be part of his research as well. So, Ms. Crivello?

COUNCILMEMBER CRIVELLO: Thank you, Chair. And I appreciate the Budget Committee referring this and your commitment to follow through. I guess I would like to know just from basic 26 years about 250,000 or so monies have been supposedly sitting somewhere and that you have it, so how much interest has it gained or how much interest have we got out of the 250,000 or so dollars?

MR. BAZ: Yeah. So, Mr. Chair, maybe that will be a question to put in writing. We'll look that up.

COUNCILMEMBER CRIVELLO: Okay.

MR. BAZ: I mean obviously we started off with 250, we did make some loans and we got some repayments. There were some loans still outstanding it looks like on the books of organizations that are I think no longer in existence. But the corpus is now 281,000 so there, I mean just sitting in our banks we made \$31,000 theoretically over 26 years. But I'm sure that that balance is from a number of different factors, yeah.

COUNCILMEMBER CRIVELLO: And so you also made mention that there's an obstacle because there's no Molokai task force. There's no Molokai task force probably from the originators who made every effort to identify what really hasn't changed much on our island. They have passed on but we do have different type of so-called task forces there that continually to work and try and find some solution to, you know, it hasn't changed much on our unemployment rate. And we still are the highest in the State, so it behooves me for our County to try and give back this money when there's an opportunity for us to try and respond to the forefathers who worked hard to try and get this going because of the unemployment and jobless situation on the island. I think this is an opportune time, and if the hemp, industrial hemp passes Congress

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what an ideal situation. Perhaps we can use this money to leverage to build the factory that we can do value added products. I think we can get innovative and try and utilize this funds so that it can be real. I wish to add to and most community advocates from my island will agree that we had many community plans and plans and strategic plans and it all comes out to about the same, heavy talk about agriculture. So it would be appreciated if somehow or other we all can put our heads together, and first of all to find out where these monies really are. If there are two on the books or one on the books and if it is it 281 and what kind of opportunities do we have there. And if it needs to be repealed so that it can be utilized, I'm sure our island representatives and Senates in Legislature will be more than happy to support us on that.

CHAIR GUZMAN: Mr. Baz, do you have any...

MR. BAZ: Thank you. Yeah. Mr. Chair, thank you. And, Member Crivello, you know, this being your island, you're the representative of this island, it's very important to understand, you know, you do understand very well, and I think the new representative at the, in the House has a very good understanding of agriculture on Molokai from her background as well. So, you know, the County has over the years made significant efforts, definitely more is needed, you know, we have the Kuhao Business Center on Molokai and MEO Business Development Center and, you know, when I was at MEO we actually provided, it was when, you know, the ranch was closing down and there was some individuals who wanted to take over some of the ag land and some of the cattle and they needed classes, so we, you know, we did the business, the Core Four business training classes with them as well as providing some small loans to them as well. This would be an incredible resource if we could garner this money for that type of use, I think would be pretty significant. And we do have the I think the people over there now, you know, with our Kuhao Business Center and MEO to be able to assist with not just providing the financing of it but with the business acumen as well.

COUNCILMEMBER CRIVELLO: I think too the MEO, the...excuse me Chair? Yeah.

CHAIR GUZMAN: Yes, yes.

COUNCILMEMBER CRIVELLO: With the business development is of strength to help them make it understanding what comes out of it. You also have MEDB that extend themselves there, and these are all County funded. I need to add that one of the founders for the Molokai task force or even I know he's part of this Act 387 as he's journeyed on home is Mr. Fred Bicoy.

MR. BAZ: Right.

COUNCILMEMBER CRIVELLO: And he brings this, he brought these kinds of solutions, and even being the father of MEO on Molokai. So I can appreciate, I think we have people

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there that can move it forward if we decide to do that. So I appreciate your efforts and Administration, Administration's efforts to see how we can, you know, make use of the opportunities that are before us. Thank you.

MR. BAZ: Okay. Thank you.

CHAIR GUZMAN: Thank you. Well, you know, I like the fact that this is diversant [sic], it's general enough, the legislation is general enough that it opens the door for small business ventures with a nexus to diverse agriculture. So we're, that's, you know, putting it in a more business sense this could help out a lot of small businesses if they wanted to get started that had somehow connected a bridge or a nexus with agriculture. Doesn't necessarily mean that they're growing, it's that there's some type of bridge or nexus to agriculture. The other one that I'm most concerned about is the 40,000 under here in the act itself, 40,000 is allowed to be spent each year for a professional staff person to operate the program. I mean how come this not been operated? How, where's the functionality? I fail to understand why this wasn't implemented for more than 26 years. Mr. Hokama?

COUNCILMEMBER HOKAMA: I'll just share what little I know. I think Ms. Crivello gave us a pretty good general sense, but look at the times. We're looking at the mid '70s moving forward to '80 during the State enactment of the bill for an act, Chairman. So while that was going on Vietnam was going on. Hawaii, through even some of her own family members, was going through a Hawaiian renaissance. So we had, you know, look at the type of music Hawaii '76, that the Makaha Sons was talking about. There was a resurgence of native Hawaiian culture in the late '70s. Part of it was the Kahoolawe Ohana movement. There was a lot of things happening culturally in the State. Big plantations were closing; so for Molokai it was dramatic, Libby, Del Monte, and Dole leaving an island, which was big employers. So Molokai faced a unique situation. You had people like Elmer Cravalho in the Office of the Mayor and Hannibal Tavares succeeding. So he looked at great Molokaians and I would ask that we correct the record Mr. Hao, is H-A-O.

COUNCILMEMBER CRIVELLO: Right.

COUNCILMEMBER HOKAMA: It's Hawaiian, not H-O-W-E. And so I think Mayor Cravalho, I think first appointed him as a Mayoral Assistant to help work on this project. As Ms. Crivello would say, you know, we had the Masa Fujimotos, the Johnny Trinidads, we had Papa Jimmy Lindo from Homestead. We had Gaga Colotario from Kualapuu and the Dole program. I had Gladys Brandt who was a onetime chair of the Hawaiian Homes Commission on the island participating. Things like Larry _____ was trying to get the watermelon program started on Molokai. So there was big things, and if you look at '78 when the State passed the State plan and under the agricultural functional plan, Molokai was being looked at and designated as the bread basket for the State at that point in time. Molokai Ranch was asked to even investigate the potential of jojoba nut beans for fuel oil and the ranch was doing things through...Aka Hodgins, I believe,

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was managing the ranch at that time. And again Molokai was going through changing political dynamics from Soon-ok Lee to Loy Cluney and then to Mariano Acoba. So they had great changing and diversity of their own government representation on the County level. So if you look at these things, Chairman, the County was working in concert with the State. That's why you see State money being asked to be administered temporarily, if you look at it it's a temporary fund that we're supposed to be doing. 'Cause I don't know the intent was that then eventually someone on Molokai whether it be the Mr. Hao at that time would actually run the program. I think there's still potential, we don't, we give money to support the Kuhao Business Center, that's Molokai people working with Molokai businesses for Molokai economic development. I think there's opportunities as my colleague stated for us to move this program to the next level and utilize the money for which it was intended. The thing I think we should be very upfront with our people is what is the Department of Ag's interest rates? And do we need to have it adjusted so that it becomes a true source of financial support for a small business venture or do we need to ask the State to ante up and make it more, enlarge the pot so that we can provide the type of economic diversification that we hope for Molokai. So I'm kind of excited with the potential, Chair, I'm glad we're looking at it. I would say at this time I don't think we can actually dissolve it because it's not really our money.

CHAIR GUZMAN: Right.

COUNCILMEMBER HOKAMA: It's the State of Hawaii's money. And I'm kind of interested that they never asked for the annual report on what the hell we're doing with their money because it's a requirement on our part. So I look forward to Mr. Baz's response, Chairman. But as much as I know, you know, this was again for all intents and purposes one of the components that the County did to try and move Molokai forward. Because also in the '70s you got to understand Molokai was talking about separating from Maui and becoming its own county. 'Cause that was part of the '78 Constitutional Convention, should we allow Molokai to be its own county, separate county. Okay. In the end, I would say, you know, wise heads prevailed because financially there's no way we felt that Molokai could sustain itself on just Molokai revenues, provide what the island would require to provide its citizenry. So those are just some of the factors that was going on during this time of the legislation, Chair and what was being impacted. And for Molokai, again, you got rid of three major employees in a very short timeframe. And you had a lot of acreage was cultivated and being abandoned and there wasn't the ag park yet by the airport. Okay . . . *(inaudible)* . . . the ability of what could be utilized from the Molokai island water system, what was under the ranch, what was under Hawaiian Homes was not the way it is today either. So access to water was a different story also back then, Chair. And I just share that because she, Ms. Crivello lives through it, she knows exactly what I'm saying. But those are some of the factors I think we need to be sensitive to understand why Molokai was given this type of support. Thank you.

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CHAIR GUZMAN: Thank you, Mr. Hokama, for the history on the...Mr. White, do you have any comments that you'd like to add that we could probably --

COUNCILMEMBER WHITE: No I love --

CHAIR GUZMAN: --incorporate with our _____.

COUNCILMEMBER WHITE: --where the discussion is going because I see no reason to give the money back to the State.

CHAIR GUZMAN: Yeah.

COUNCILMEMBER WHITE: If they haven't asked us about it in 20 years, let's go ahead and get creative. And I think Molokai task force is kind of up to us to define at this point. I like the idea of providing it to Kuhao for them to administer and come up with a program that makes sense for the island. And so I'm, I thank you for bringing it up. I think it's, discussion is heading in the right direction.

CHAIR GUZMAN: So maybe we can ask Ms. Sheppard if there is a way that Corp. Counsel can work with us and be able to figure out how we can be creative, as Mr. White has mentioned. And I know we haven't been submitting any annual reports; so in the end result, we haven't been following the act itself. But can we find a way to somewhat revive it and maybe loosen the conditions so that we may utilize the monies now?

MS. SHEPPARD: Yes, Chair. I think first of all we do have to get the answers that Mr. Baz is going to be looking into, that's critical information before we go forward. And we also want to be careful so that we don't ring a bell that we can't un-ring.

CHAIR GUZMAN: Right.

MS. SHEPPARD: If the State finds that there's funds over here that belong to them and we haven't used them, we don't want to, you know, start saying oh we have this money. So we have to be kind of circumspect on how we're going to do it. So I'm not sure we wanna go in and change the State law right off the bat. But maybe we could figure out a way to interpret that.

CHAIR GUZMAN: Interpret, yeah.

UNIDENTIFIED SPEAKER: Interpret Molokai task force.

CHAIR GUZMAN: Interpret. Okay. Members, I'm going to...are there any more questions? Mr. Couch?

COUNCILMEMBER COUCH: No I was just going to echo the comments is that we should be able to figure out a way to keep the money and be creative and defining Molokai task

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force. But yeah, I think that we should be able to put it to the use it was supposed to be put in, put to. And if we don't have, if the only issue right now is the task force I guess we don't have, we may not administrative rules either. And it says we shall do administrative rules. But we've done some loans before so I have a feeling there's something out there.

CHAIR GUZMAN: Yeah.

COUNCILMEMBER COUCH: And if we can figure out a way to get around that Molokai task force or define what that is then I think we can move right along with what this program is designed to do. And I think it's a...

CHAIR GUZMAN: Yeah. I think if we give Mr. Baz more time to research --

COUNCILMEMBER COUCH: Yeah.

CHAIR GUZMAN: --he can come with more information. It sounds as though there were, there could have been loans given out.

COUNCILMEMBER COUCH: Yeah.

CHAIR GUZMAN: It sounds like it. Mr. Walker?

MR. WALKER: Yes. Thank you, Chair, Members. Touching on what Member White mentioned, I, from my perspective in the short time I've been here I don't think the County is a very good lender. We don't, we're not set up, we're not good at it for whatever the various reasons. And depending on how this all comes about I agree we don't want to give the money back to the State if we don't have to. If we could get it to some organization that's more set up on the ground to lend the money and administer, do the applications, and do the reporting. I think that would be, certainly a goal worth investigating further. Thank you.

CHAIR GUZMAN: Mr. Victorino?

COUNCILMEMBER VICTORINO: I wanna thank Mr. Walker for taking my comments. Thank you very much. That says exactly where I was going with this. And the other part of that was, you know, we're saying we don't, after all these years we don't have to give back to the State the money. Let's not be counting chickens before they hatch, you never know what the State will say. So, at this point in time, I think Mr. Baz needs to get all those ducks lined up to make sure we're doing our job right. If we need to have administrative rules then we need to do whatever to just make sure that Molokai--who is in dire need today as it was back then, you know--has the opportunity to continue to work on the diversified ag. I mean that is an opportunity that we know Molokai really deserves. And so whether it's Lynn, Bicoy, or whoever from Molokai helping. I still warn you, be careful with the State, you know, I know they haven't asked for it

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back; but they're funny, when they find out that there's some money laying around somewhere and that they can get their hands on it, they start graphling [*sic*] real fast. So that would be my only concern, you know, I think the rest we can do, there's no question. And as far as loans, I agree with you, Mr. Walker, if we're gonna give out loans let's find somebody who can do a good job at it, who knows how to administrate loans and do all the necessary services that are related to that. But I wanna see that money stay there and I wanna see it help Molokai 'cause they really do need that help. Thank you, Chair.

CHAIR GUZMAN: Thank you. Any other questions, Members? Seeing none, I'm going to defer this matter and follow up with a formal letter to Mr. Baz and also the Finance Department, and Deputy Corporation, Jerrie Sheppard, in trying to research and come up with some solutions. So without any objections, I'll defer this matter?

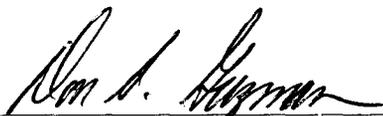
COUNCILMEMBERS: No objections.

ACTION: DEFER.

CHAIR GUZMAN: Thank you, Members. This will conclude our items on today's agenda. Thank you very much for your patience and all of this input and discussion. Thank you. . . . (*gavel*) . . .

ADJOURN: 2:57 p.m.

APPROVED BY:



DON S. GUZMAN, Chair
Economic Development, Energy,
Agriculture, and Recreation Committee

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Transcribed by: Jean Pokipala

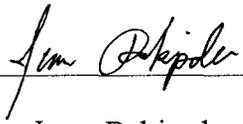
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CERTIFICATE

I, Jean Pokipala, hereby certify that the foregoing represents to the best of my ability, a true and correct transcript of the proceedings. I further certify that I am not in any way concerned with the cause.

DATED the 10th day of September, 2015, in Wailuku, Hawaii



Jean Pokipala