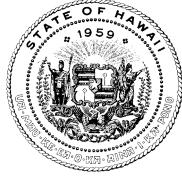


JOSH GREEN, M.D.
GOVERNOR
STATE OF HAWAII
*Ke Kia'āina o ka Moku'āina 'o
Hawai'i*

SYLVIA J. LUKE
LT. GOVERNOR
STATE OF HAWAII
*Ka Hope Kia'āina o ka Moku'āina
'o Hawai'i*



KALI WATSON
CHAIRPERSON, HHC
Ka Lūna Ho'okele

KATIE L. LAMBERT
DEPUTY TO THE CHAIR
Ka Hope Lūna Ho'okele

STATE OF HAWAII
DEPARTMENT OF HAWAIIAN HOME LANDS
Ka 'Oihana 'Āina Ho'opulapula Hawai'i

P. O. BOX 1879
HONOLULU, HAWAII 96805

December 11, 2025

TESTIMONY

TO: Dawn Chang, Chairperson
Board of Land and Natural Resources (BLNR)

FROM: Kali Watson, Chairperson
Department of Hawaiian Home Lands (DHHL) *Kali Watson*

RE: **BLNR Agenda Item D-1ⁱ, meeting of December 12, 2025**

Dear Chair Chang:

The Department of Hawaiian Home Lands (DHHL) offers this testimony on the above referenced agenda item. DHHL supports the portion of the recommendation that authorizes a Right-of-Entry Permit for due diligence, but requests a deferral on the automatic authorization of the Governor's Executive Order. Given the significant rights and interests of the DHHL and its beneficiaries, we request that DHHL beneficiary engagement and consultation be completed by BLNR of the Agribusiness Development Corporation (ADC) as condition of issuance of the Right-of-Entry Permit, and a report on that consultation be presented to the BLNR prior to taking action on the authorization of any Executive Order. DHHL's Planning Office is available for the support and coordination of any efforts to consult with DHHL beneficiaries.

DHHL is aware of the East Kaua'i Irrigation System's state of disrepair and appreciates ADC's proposal to maintain and repair the system, in addition to acknowledging DHHL's rights to water. However, we are broadly aware of a diversity of opinion regarding this matter in DHHL's beneficiary community regarding the reliability of ADCs commitments to DHHL.

As noted, DHHL and its beneficiaries have significant rights and interests in this matter. The Department holds approximately 20,850 acres of land on the island of Kaua'i in trust, including lands that could be served or historically were served by this system. The Department holds a fiduciary duty to the beneficiaries of the trust, and in compliance with the Hawaiian Homes Commission's Water Policy Plan, we respectfully request a deferral on the automatic authorization of the Governor's Executive Order.

As a part of ADC's right-of-entry to begin due diligence, DHHL would greatly appreciate efforts from ADC to conduct meaningful consultation and outreach with DHHL and the beneficiaries of the Trust. DHHL's Planning Office is available for the support and coordination of any efforts to consult with DHHL beneficiaries. Until this is sufficiently completed, automatic authorization of the Governor's Executive Order may be premature.

Given the reasons outlined above, DHHL is wholeheartedly supportive of a right-of-entry for due diligence, but requests that this Board defer the authorization of the Governor's Executive Order until

consultation and outreach may be completed. We thank you for the opportunity to provide this testimony and look forward to future collaboration.

ⁱ **Set Aside of the East Kauai Water and Hanamaulu Ditch Systems to the Agribusiness Development Corporation for Agricultural Irrigation and Related Purposes; Issuance of an Immediate Right-of-Entry Permit to the Agribusiness Development Corporation for the East Kauai Water and Hanamaulu Ditch Systems for Due Diligence Purposes; and Approval of a Management Right of Entry to the Agribusiness Development Corporation for the East Kauai Water and Hanamaulu Ditch Systems; Portion of Government Lands and Waters within the drainage basins of North Wailua and Kapaa Rivers, Kawaihau, Kauai, Tax Map Key portions of sections (4)-3-8, (4)-3-9, (4)-4-2, (4)-4-3, (4)-4-4, (4)-4-5 and (4)-4-6, and including but not limited to diversions on the Kapaa Stream and on the Wailua River at Stable Storm, Wailua Reservoir and Aahoaka Reservoir; the Wailua and Upper Kapahi Reservoirs; and the related transmission and lateral ditch lines as well as portions of the Hanamaulu ditch system that include ditches and reservoirs within the State-owned 6,700 acres behind Kalepa Ridge, currently set aside to ADC under Governor's Executive Orders 4328, 4401, 4587 and 4594.**

DECEMBER 12, 2025

TESTIMONY OF THE DLNR DIVISION OF FORESTRY AND WILDLIFE
BEFORE THE BOARD OF LAND AND NATURAL RESOURCES

REGARDING ITEM D-1: SET ASIDE OF THE EAST KAUAI WATER AND
HANAMAULU DITCH SYSTEMS TO THE AGRIBUSINESS DEVELOPMENT
CORPORATION

Chair Chang and Members of the Board:

Thank you for the opportunity to testify on Agenda Item D-1. I respectfully request that the Board approve Staff Recommendations 4 and 5 regarding the issuance of the right-of-entry for due diligence and management purposes, but defer Recommendations 1, 2, and 3 pending further clarification and analysis.

1. Need for Deferral of Recommendations 1, 2, and 3

The proposed executive order and set-aside assume that the status of all parcels and water infrastructure within the East Kauai Water System is both clear and suitable for permanent transfer. However, the submittal itself acknowledges that the system consists of a complex mix of lands and infrastructure segments developed over more than a century, including:

- Parcels formerly covered by AMFAC/Līhu‘e Plantation water licenses.
- Portions that have been abandoned, decommissioned, or separated from the original system.
- Sections currently encumbered by existing Executive Orders (e.g., EO 1389 and EO 4320).
- Portions of the Hanamā‘ulu Ditch System already set aside to ADC under EO 4328, 4401, 4587, and 4594.

Given this patchwork of existing encumbrances and past dispositions, it is unclear from the current record which specific parcels remain unencumbered, which need to be withdrawn from existing executive orders, and which might require a different long-term land disposition than a permanent set-aside.

Before the Board recommends issuing a new executive order (Recommendation 3) or makes the necessary findings under Recommendations 1 and 2, more clarity is needed regarding the precise inventory of parcels, current encumbrances, and long-term land management implications for each part of the ditch system.

||||||||||||||||||||||

2. Importance of Determining Proper Long-Term Disposition Pathways

The question before the Board is not only whether ADC should conduct due diligence and provisionally assume management—both of which are appropriate and time-sensitive—but also what the proper permanent disposition should be for the various parcels and infrastructure segments.

Some lands may be suitable for long-term set-aside, while others might require easements, withdrawals from existing EO's, or alternative forms of disposition that align with public trust duties, dam safety obligations, and the statutory responsibilities of DLNR, CWRM, DHHL, and ADC. Moving forward with a permanent set-aside without a comprehensive, precise disposition map risks embedding errors that would later have to be corrected.

3. Recommendations 4 and 5 Should Proceed

Recommendations 4 and 5—authorizing ADC's due diligence right-of-entry and interim management right-of-entry—are essential to prevent further deterioration of the system and to allow ADC to fully assess infrastructure conditions, water-delivery needs, regulatory requirements, and operational feasibility. These actions do not prejudge the eventual disposition and will provide the information necessary for the Board to make a sound, defensible decision about long-term management.

For these reasons, I respectfully request that the Board:

- Approve Recommendations 4 and 5, allowing ADC to perform due diligence and interim management; and
- Defer Recommendations 1, 2, and 3 until DLNR can provide a clear, parcel-specific disposition analysis and the Board can evaluate the appropriate long-term disposition method for each system component.

Thank you for the opportunity to testify on this matter.

David G. Smith
Administrator
Division of Forestry and Wildlife



Kalepa Koalition

5868 Kini Place
Kapaa, Hawaii 96746
Phone/Fax: 808-639-0152

December 11, 2025

TO: Board of Land and Natural Resources

**RE: Testimony on item D-1, December 12, 2025 Meeting,
Relating to the East Kauai Irrigation System**

Chairperson and Board Members:

My name is Les Milnes and I am in favor of transferring the East Kauai water system from DLNR to ADC. I am the president of the Kalepa Koalition, an Hawaii agricultural cooperative of the farmers and ranchers who hold long-term licenses on 6,500 acres of State land behind Kalepa Ridge on Kauai and under the administration of ADC.

The East Kauai Irrigation System services a large portion of the Kalepa lands; most of the farmers, ranches and the huge Mahipapa LLC (formerly Green Energy Team) biomass project on a 1,000 acres utilize the system through Hanamaulu Ditch or off the Upper and Lower Aahoaka Reservoirs. A large parcel of Hawaiian Home Lands is serviced by the east side of the system. Also, the system can delivery water to some 2,000 agriculture acres north of the Kalepa lands behind Kapaa.

The system was previously managed by the East Kauai Water Users Cooperative, of which I was an integral part. However, following the Maui water use decision cancelling the ability of DLNR to issue year-to-year revocable permits for water, it simply became impossible for the Coop to finance the very high cost of obtaining a long term lease. Indeed, even well funded businesses, such as KIUC, have been unable to obtain long term licenses, despite decades of effort. These State-owned water systems can only be managed by State agencies, in this case ADC which has come forward to take over the system. Their efforts to take over the system are in line with the State's declared intention to provide water for agriculture. ADC sees the need to protect this immense and irreplaceable resource absolutely essential for the present needs and future development of Kauai's farmers and ranchers.

I respectfully request that transfer be made.

A handwritten signature in black ink, appearing to read "Les P. Milnes".

Leslie P. Milnes, President
Kalepa Koalition



WRITTEN TESTIMONY OF JACLYN K. KAINA
Executive Director, Kaua'i Economic Development Board
Before the Board of Land and Natural Resources
Meeting of December 12, 2025

Agenda Item D-1 - Set Aside of the East Kaua'i Water and Hanama'ulu Ditch Systems to the
Agribusiness Development Corporation

Agenda - 251212

Chair Chang and Members of the Board:

Mahalo for the opportunity to provide testimony **in strong support** of Agenda Item D-1.

For decades, the East Kaua'i Water Users Cooperative carried the responsibility of operating and maintaining this critical water system through extraordinary volunteer commitment. Their members — farmers, ranchers, and community water users — ensured water continued to flow, despite limited resources and increasingly complex regulatory requirements. As highlighted in the reference testimony, the Cooperative's stewardship reflected deep community dedication but could no longer sustainably guarantee **consistent, reliable water delivery** under the weight of modern obligations.

As the Executive Director of the Kaua'i Economic Development Board, I see firsthand how essential stable water access is to sustaining agriculture, supporting local businesses, and preserving economic opportunities for our communities. Without predictable, uninterrupted water, agricultural operations cannot grow — and in many cases cannot survive.

Under the leadership of Wendy Gady, the Agribusiness Development Corporation (ADC) has demonstrated the capacity, professionalism, and mission alignment required to meet these needs. On Kaua'i, ADC has already shown measurable success: increasing active agricultural acreage, securing infrastructure investments, strengthening partnerships with farmers, and restoring fallow lands to productive use. These accomplishments clearly indicate that **ADC is delivering results that support consistent water access**, the foundation upon which East Kaua'i's agricultural future depends.

From KEDB's perspective, transitioning system responsibility to ADC is not only timely — it is necessary. The region's farmers and ranchers deserve a dependable, long-term solution that ensures their operations can remain viable. ADC's track record confirms that it is the right entity to assume leadership and steward this resource responsibly.

Mahalo for your consideration of this important action, and for your commitment to the communities and industries that rely on this vital water system.

Respectfully submitted,



Jaclyn Kaina
Executive Director
Kaua'i Economic Development Board

OFFICE OF THE MAYOR

DEREK S.K. KAWAKAMI, MAYOR

REIKO MATSUYAMA, MANAGING DIRECTOR



Testimony of Derek S.K. Kawakami
Mayor
County of Kaua'i

Board of Land and Natural Resources
Meeting of December 12, 2025

Agenda Item D-1: Set Aside of the East Kaua'i Water and Hanamā'ulu Ditch Systems to the
Agribusiness Development Corporation
Agenda-251212

Honorable Chair Chang and Members of the Board,

Thank you for the opportunity to testify in strong support of Agenda Item D-1. This set aside and the accompanying rights-of-entry represent an important step toward stabilizing agricultural water access for East Kaua'i.

For years, the East Kaua'i Water Users Cooperative carried the full operational burden of the East Kaua'i Irrigation System. Their volunteer farmers, ranchers, and community members kept this complex system functioning through hands-on work and unwavering commitment. While the County of Kaua'i provided funding support when possible, the Cooperative did the daily work and deserves full recognition for their stewardship.

However, as environmental and regulatory requirements increased, the capacity of a volunteer group was exceeded. Their difficult decision to relinquish the system raised serious concerns about the reliability of water access — a lifeline for East Kaua'i's agricultural community.

Today, under Executive Director Wendy Gady, the Agribusiness Development Corporation has shown the capability and focus required to ensure farmers and ranchers receive the consistent, dependable water they need. ADC's recent work on Kaua'i has resulted in:

- Increased acreage brought back into agricultural production;
- Secured capital improvement funding for irrigation-related infrastructure;
- Improved communication with Kaua'i farmers, creating predictability and trust;
- Revitalized agricultural lands that had been inactive for years.

These accomplishments demonstrate that ADC has both the operational capacity and the mission alignment to take on stewardship of East Kaua'i's water systems. Most importantly, ADC's current direction reflects a clear priority: restoring reliable and consistent water delivery to those who depend on it for their livelihoods.

For these reasons, the County of Kaua'i fully supports the approval of Item D-1. Ensuring that our farmers and ranchers have stable, uninterrupted access to water is essential to maintaining a resilient agricultural sector on our island, and ADC is well positioned to carry this responsibility forward.

Mahalo for your consideration.

OFFICE OF ECONOMIC DEVELOPMENT

NALANI BRUN, DIRECTOR



DEREK S.K. KAWAKAMI, MAYOR
REIKO MATSUYAMA, MANAGING DIRECTOR

WRITTEN TESTIMONY OF NALANI K. BRUN

Director, Office of Economic Development, County of Kaua'i

Before the Board of Land and Natural Resources

Meeting of December 12, 2025

Agenda Item D-1 – Set Aside of the East Kaua'i Water and Hanamā'ulu Ditch Systems to the Agribusiness Development Corporation

Agenda-251212

Chair Chang and Members of the Board,

Mahalo for the opportunity to provide testimony in **strong support** of Agenda Item D-1.

The East Kaua'i Water Users Cooperative carried this system for many years through sheer dedication. Their members — farmers, ranchers, and community water users — performed the daily, hands-on work that kept water flowing. The County of Kaua'i contributed supplemental funding when possible, but the operational responsibility was entirely the Cooperative's. Their service sustained agriculture in East Kaua'i far longer than anyone could have expected under such limited conditions.

As regulatory obligations became more complex and resource-intensive, the Cooperative was no longer able to meet the demands placed upon them. Their decision to return the system reflected the reality that volunteer-based stewardship could no longer guarantee **consistent water delivery**. This concern has remained front and center for our agricultural community.

What farmers and ranchers need — and what they have been asking for, for years — is **reliable, predictable, uninterrupted access to water**. Without that stability, agriculture simply cannot thrive.

In recent years, ADC under the leadership of **Wendy Gady** has demonstrated exactly the capacity, professionalism, and mission orientation required to meet this need. On Kaua'i, ADC has:

- Increased active agricultural acreage by stabilizing land and water resources;
- Secured significant infrastructure funding, including irrigation-related improvements;
- Rebuilt trust with farmers through transparency and responsiveness;
- Helped restore fallow lands to productive use.

These actions show a clear pattern: **ADC is delivering results that directly support consistent water access**, which is the foundation of agricultural activity in East Kaua'i.

Based on our years of experience supporting the Cooperative and witnessing the strain of inconsistent water management, I firmly believe ADC is the right entity to assume leadership under Item D-1. This is

the best path forward to ensure farmers and ranchers finally receive the steady, dependable water supply they need to remain viable.

Mahalo for considering this important action for our community.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Nalani K. Brun".

Nalani K. Brun
Director, Office of Economic Development
County of Kaua'i