

AGRIBUSINESS DEVELOPMENT CORPORATION

Executive Session Minutes of the Board of Directors Meeting held Virtually on July 20, 2023

Via Zoom Teleconference and/or In-Person at 235 S. Beretania St., Suite 204, Honolulu, HI 96813

HRS section 92-4 allows the board to hold an executive meeting closed to the public. The board will be further discussing Old Business Item 2, which is the presentation by the executive director's search committee established to review applications, conduct interviews and recommend the top 2 or 3 applicants for further review and action by the full board. This presentation may be closed to the public pursuant to HRS section 92-5(a)(2) to allow discussion of a hiring decision where consideration of matters affecting privacy will be involved.

Members Present, virtually:

Warren Watanabe, Member-At-Large (Chair)

Glenn Hong, Member-At-Large (Mr. Hong)

Jason Okuhama, Member-At-Large (Mr. Okuhama)

Karen Seddon, Member-At-Large

Lyle Tabata, Kauai County Member, Vice-Chair

Jayson Watts, Maui County Member (Mr. Watts)

Dane Wicker, DBEDT Designated Representative for Ex-Officio Member James Tokioka (Mr. Wicker)

Sharon Hurd, HBOA, Ex-Officio Member (Ms. Hurd)

Members Excused:

Kaleo Manuel, DLNR Designated Representative for Ex-Officio Member Dawn Chang

Counsel Present, virtually:

Delanie Prescott-Tate, Deputy Attorney General (Ms. Prescott-Tate)

Staff Present, virtually: None.

Guests Present, virtually: None.

Guests Present, physical location: None.

A. Call to Order

Chair called the Executive Session to order at 9:51 a.m.

Chair stated that the item to be discussed was Old Business Item E-2 regarding the presentation of the Executive Director Search Committee Report and Recommendations and turned the matter over to the committee.

Mr. Watts thanked Ms. Prescott-Tate for her hard work noting that she served as our lawyer and our secretary, took notes, put the meetings together and all that. To paraphrase the report, at the first meeting we reviewed fourteen applications. Of the fourteen applicants we selected seven to interview. At the second meeting we interviewed the seven people. A report was generated, and everyone should have a copy of the report, but the gist of the recommendation, we recommended that the Board consider three applicants. But last week one of the applicants withdrew his name to accept a position in Ms. Hurd's office as the Deputy Director of Department of Agriculture (HDOA). So that left us with two applicants, the first being Fred Lau (Mr. Lau) and the second being Wendy Gady (Ms. Gady). I just want to add a little personal note for myself, I've been around quite a while and in government and in the political arena

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and I think Mr. Lau is more than qualified. That being said, selecting Mr. Lau would, I think, place a lot of scrutiny on ADC. We're going to be accused of potentially doing an insider thing although it's totally not. I think the board will find for itself when it does the interviews, Mr. Lau does interview very, very well. He does have a firm grasp of the previous issues that ADC has been going through, and he does have a vision for how to move forward. And of course, one of the questions that we asked every applicant in the interview process is what you would do in the first ninety days and when you think about that question, the reality is ninety days from now, that's like opening day of the legislature. We don't really have a lot of time to work with a new person. The person selected needs to be very knowledgeable, pick up the ball and run immediately, know how to work with the legislature, and know about new and current projects. That was kind of my question to Mr. Takemoto earlier about deadlines for our current projects because the new executive director is gonna have to work very, very diligently to make sure we don't miss some critical deadlines, and to move our projects forward.

Mr. Watts asked if Mr. Okuhama or Mr. Hong had anything to add. ~~They did not.~~

~~Mr. Watts continued~~ Hong stated that we spent a whole day interviewing seven candidates and the three top candidates differentiated themselves from the rest of the field. With one candidate going to HDOA, who frankly was the third choice, there are now two. If you look at the scoring we ended up with Mr. Lau and Ms. Gady. From my perspective, and my own review of the candidates, I feel that either of them would be able to lead the organization effectively. I did have Mr. Lau slightly ahead of Ms. Gady because Mr. Lau is one of these guys that we all know, he understands the projects, and he understands the political side. Ms. Gady had a certain energy that really helped her stand out from the rest of the field. We felt really good about these candidates. We also did some follow up on references. Mr. Lau gave us six references and I got feedback from four of them. Two were in the university system and may have been out of town this time of year. But I got really great feedback from everyone and no hesitation from any of the references. Mr. Okuhama checked the references for Ms. Gady, so Mr. Okuhama can talk about contacting her references. But I think we got two great candidates. I think it'd be good for the full board to actually talk to the top two candidates. We questioned whether we wanted to add another person when the third applicant dropped out, but the committee felt there was enough separation between the top two and the rest of the field that it wouldn't make sense for us to add a third person.

Mr. Okuhama said the top two candidates, Ms. Gady and Mr. Lau have a lot of strength in certain areas. Mr. Lau, all around because of his being in the industry, knowing the legislature, being a business man. There's a lot of reasons why he scores well overall in the process. Ms. Gady, I was a little hesitant at first, but after I called two of the three references, and both are in the ag industry, the feedback I got from both of them was pretty solid. She also interviewed very well; good energy and seemed to have the background in what I think is important for an executive director. Talking to the applicant, talking to the references and getting feedback in detail from both of them who have worked with her in the past, with first-hand knowledge of her abilities, what she's done for organizations over the years, they were pretty solid recommendations. And I think all the important things we need from the ED in the situation with ADC, she would fit the bill very well. She has all the necessary skills and experience to take ADC where it needs to go. Besides the legislature, knowing the projects, you also need someone to go in there and hire the staff, set up the accounting, and get the financials in shape. To me that is some of the real important stuff that the organization needs, and we don't have it right now. That is critical for us to move forward. If you cannot have your house in order, how can you move forward? Right now we are trying to clean up. We don't want to fall back into the same situation we were in. Those are the kind of things I was looking at and I think Mr. Hong brought up a good point before; if you can have both of them that

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would actually be ideal, you know the best of both worlds, if you could have two of them within the organization. They both have the skills necessary to take the organization where it has to go.

Mr. Watts added that he felt Mr. Lau was most ready to hit the ground running because he knows all these projects. But you know, I don't know how long, Mr. Lau would want to work at this. I mean the sense that Mr. Lau can move the organization over the next year. Where he wants to go after that remains to be seen. One of the things we have to think about as an organization is building our bench strength and how do we get people into the organization that can be the future leaders. So something for us to think about is the long term. We just have to make a decision. You know, one of the things that we asked all the applicants, and to be clear, it's interesting cuz the three of us on this committee are all post-audit appointees to the board. And so all of us have had at some point questions in our senate confirmation hearings about the audit and how we're gonna move forward. So a lot of our questions to the applicants started from that perspective. And of all the fourteen applicants that we evaluated only Mr. Lau actually had any actual strong executive function, none of them have had high level executive experience in either government or private sector. Another thing we at ADC are struggling with are the critical vacancies – the ASO and accountant. Whoever is selected will have to recruit an experienced team to move these projects forward and navigate some very complex issues. That is why I asked the question of Mr. Takemoto earlier about where we are in projects and deadlines to get a grasp of our deadlines and the realities of trying to move forward, encumber some funds so we don't drop projects. I wanna go on a bit of a tangent and ask some questions. Ms. Prescott-Tate maybe you can help with this one. My understanding is that the positions in ADC from secretary up to executive director are not in the civil service system.

Ms. Prescott-Tate replied that the only civil service positions are the accountants, everyone else is non-civil service.

Mr. Watts continued, so the question I had was if we have these positions that are approved and we have it in the budget, why do we have to go to the governor for approval?

Ms. Prescott-Tate replied, the governor is responsible. He has to sign off on all the money; release the funds.

Mr. Watts asked [REDACTED]

Ms. Prescott-Tate remarked [REDACTED]

Mr. Watts continued, [REDACTED]

Ms. Prescott-Tate responded [REDACTED]

Mr. Watts just wanted to bring this up because this is a good learning opportunity for the board. Based off of the audit concerns, then looking at the projects that ADC currently is working on that the next executive director will be assigned to meet with a very comprehensive timeline. The person we select will have to hit these deliverables. So the committee's recommendation was to interview the top two

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candidates, Mr. Lau and Ms. Gady on August 3, 2023, but they have not been contacted and their availability on that date is not confirmed. Hopefully they're in town and not traveling. So recommendation is that the board interview them in person, and actually meet them fact-to-face here in the conference room. So, Chair that is our recommendation to the board.

Chair called on Ms. Hurd who asked if it was proper for her to make a comment on the candidates? Hearing no objection, Ms. Hurd continued that she knows Mr. Lau and Ms. Gady equally well and has had as much interaction with either and she finds them both to be equally qualified but wanted to speak to Mr. Watt's comment about the legislature and somebody with experience. As you know I had to enter into this 2023 legislative session cold, and I think I got ripped a new one. But you know, I think it was a good exercise for somebody new to come in and see everything. Projects, funding, budgets, seeing it with new eyes. I survived and I think I'm better for it. I'm just identifying with the fact that it's really not a big advantage to have a lot of experience with the process. I think it's an advantage to be fresh and to feel the pain and to learn from it rather than be walking into familiar territory with the same feelings and attitudes and biases that you had. That was my comment, please don't hold that against somebody because I identify with that. I think in some ways it's a strength. I'm saying I went through it and it's not that bad. You learn, you gain, and you get smarter.

Mr. Watts responded that it's not a negative thing, we evaluated all the candidates who applied, and my comments are related to the recommendation. The Board's gonna have to do its own due diligence and investigate the matter further and make a decision. My comments were not meant to skew anybody's opinion one way or the other. Familiarity with the political process was just one of a number of factors that we scored on. It was not that big a factor that would necessarily change everything. It was one of a number of factors that we looked at during the interview that we weighed and scored for all the candidates. And I understand that not being in the political process actually in some instances may be very positive. The public may view that as positive because of some of the perceptions out there. So it is for the Board to evaluate. So that's why I think our mission is to talk to the two candidates, then weigh who we feel would be the best for the organization. And Chair, we offer those comments not to knock on anybody, I offer those comments and those questions because unlike other agencies, the audit was very critical of the board's abdication of its role. The executive director is not just working for ADC, but the Board. The Board itself is being taken to task on its responsibilities and so the question was asked to kind of get an idea of where we are and how do we go forward. It's not meant as a negative thing at all.

Mr. Okuhama added that it was just a part of the guidelines we followed in scoring. Our real objective was kind of black and white looking at the total score; all the attributes. We selected the top scores. And that's why it's best to have the board talk to and interview the two, would have been three, you know and then go from there. So the selection was not just based on who was tied to the legislature more. Now it's really up to the board to decide of the two, who gets selected as the executive director.

Mr. Watts states that he wanted to briefly touch on the interview process. We actually started off with a set of questions. We didn't necessarily go through all the questions with all the candidates because depending on how they responded to other things, we actually wanted to delve deeper into why they responded to certain questions. So I think we did get into a lot of the color of the individual candidates in terms of their background, their thinking, why they wanted the position, where they thought ADC's direction should go. We actually got into a lot of depth in their discussion and got to know the individual candidates themselves.

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Chair called on Mr. Wicker.

Mr. Wicker just wanted to say thank you to the committee. All the time you guys took out of your schedule to do the interviews. I'm looking at the list of the fourteen names and several names are familiar. All that have interests or ties within the agriculture industry, so appreciate you guys investing and putting forth a system on what is now the best two candidates for your committee. It is interesting having ADC attached to DBEDT and helps complete an economic system. I think we have several attached agencies involving economic innovation. Listening to some of the comments and coming from my point of view as a cabinet member, we have three and one-half years left to execute on plans. The legislature put a heavy lift and ask, as you saw in the acting executive director's report earlier. We have several projects that have been in the works now for over a decade. Collectively, with a deadline on something come with a funds within this fiscal year and next fiscal year. So it is a task to look at it from someone with fresh eyes as well as those who know the legislative process at the end of the day, it's my office and ADC that's got a golden path with the legislature on policy and budget. So having that experience will help with capacity, given that and my position. I'm on a timeline; you have a period to complete. Some of the projects are a creature of the legislature. At the end of the day, the legislature decides on our budget and the policy, in addition to the Board. We need to foster some relationships with individual legislators to help support our new executive director as well. Thank you to the Committee for the job you've done.

Chair stated, I don't know if it's proper but if the recommendation was for the top three candidates, and the third candidate got a new position, who would replace the third candidate? Just out of curiosity.

Ms. Prescott-Tate stated that the next candidate would have been Vincent Kimura.

Ms. Hurd raised a point of order in regard to the third candidate who withdrew his application to accept a position with HDOA. The candidate has not been formally appointed as the Deputy Director. We are in the process, so we made the offer of another position in the meantime, and he accepted that offer of another position. So it's a just the point of order.

Hearing no further discussion, Chair asked for a motion to exit executive session. Motion by Mr. Okuhama; Second Mr. Watts.

Chair asked if they needed to vote on accepting the executive director search committee's recommendation first.

Ms. Prescott-Tate stated that would be done at the next public meeting on August 3rd.

Chair asked if there was any further discussion. There was none.

Chair called for the vote. Hearing no objections the motion was approved: 8-0.

Executive session ended at 10:23 A.M.