

**MINUTES FOR THE
MEETING OF THE
BOARD OF LAND OF NATURAL RESOURCES**

DATE: FRIDAY, JUNE 22, 2012
TIME: 9:00 A.M.
PLACE: KALANIMOKU BUILDING
LAND BOARD CONFERENCE ROOM 132
1151 PUNCHBOWL STREET
HONOLULU, HAWAII 96813

Chairperson William Aila called the meeting of the Board of Land and Natural Resources to order at 9:07a.m. The following were in attendance:

MEMBERS

William Aila, Jr.
David Goode
Jerry Edlao
Rob Pacheco

Ron Agor
John Morgan
Dr. Sam Gon

STAFF

Russell Tsuji/LAND
Randy Awo/DOCARE
Bill Evanson/DOFAW
Carty Chang/ENG

Lloyd Haraguchi/PLDC
Paul Conry/DOFAW
Dan Quinn/PARKS

OTHER

Linda Chow, Deputy Attorney General
Jason Philibot, B-1

Senator Donovan Delacruz

{NOTE: Language for deletion is [bracketed], new/added is underlined.}

Chairperson Aila announced and recognized Board member Agor's last official meeting with the Land Board.

Item A-1 May 25, 2011 Minutes

Board member Pacheco recused from item A-1.

Approved as submitted (Agor, Morgan)

Item A-2 June 8, 2012 Minutes

Item A-2 was not ready.

Item D-6 Consent to Revocable Permit between the Department of Business, Economic Development and Tourism and Woodridge Productions, Inc. over Portions of Lands under Governor's Executive Order No. 4097, Honolulu, Oahu, Tax Map Key (1) 3-1-042:portion of 009.

Russell Tsuji representing Land Division conveyed some background on item D-6 and asked Donne Dawson to explain.

Member Morgan disclosed that Kualoa Ranch works with the same film production and per Deputy Attorney General (AG) Linda Chow's suggestion he recused from item D-6. He left the room.

Donne Dawson representing DBEDT and the Hawaii Film Office reported that Woodridge Productions are back after shooting the pilot for the Last Resort and got an order for 12 episodes and are moving back into the studio. They intend to enter into a revocable permit (RP) and will be at the studio through the end of the year. It will air on ABC in September and they will know in October if they will get an additional 9 episodes which takes them into the first quarter of next year.

Unanimously approved as submitted (Agor, Gon)

Item N-1 Briefing regarding the Public Land Development Corporation, Act 55, SLH 2011.

Chair Aila introduced Senator Donovan Delacruz.

Senator Donovan Delacruz said that in the last few years the committees on water and land in both the Senate and the House have done what they can in supporting the Department in moving forward to proceed with more conservation protection of the State's assets which has been mutilated over the past 10 years that it's hard to compete with education and health human services and public safety. Unfortunately, DLNR and Department of Ag gets cut constantly. They came up with a way where DLNR could be its own master of its own future which is where the Public Land Development Corporation (PLDC) comes in.

Senator Delacruz presented his slide show along with a handout pointing out how understaffed DLNR is and the cuts. Being that he represents rural Oahu as well as neighbor islands, they have heard many times from people wanting more services, more help for watershed protection is costing us more, and all of those are good things, but we need revenue. The PLDC was created as an arm of DLNR, but it can help the whole State in regards to taking under utilized assets and creating public/private opportunities to generate revenue to pay for the services that we need.

The PLDC Board consists of 5 members – DLNR, DBEDT (Department of Business, Economic Development and Tourism) and BFS (Budget and Fiscal Services), an appointment from the Senate (Duane Kurisu) and one from the House (Bobby Bunda). The purpose is to take underutilized assets and create some revenue which is something DLNR has tried before under the old system of figuring out how it was going to work with the existing entitlements and permitting which obviously doesn't work for us. Act 55 allows us more flexibility and creativity so that the project defines the zoning. There are a number of things that need to occur. Every Department is a silo and we don't have a complete inventory of how much land and property we really own because every Department has its own inventory list. Every Department has its own inventory of commercial floor space or building floor space where a lot are underutilized and they could use for PLDC.

Senator Delacruz explained the Powers page because this is where they were getting the most hits which is Section 19 which he read. Our current land use ordinances are too onerous, a one size fits all approach, and if they were to do a project to duplicate old downtown Hilo the current land use laws wouldn't allow it. Parking, height, set back requirements wouldn't even look like the main street that Hilo is. This is important to protect Hawaii to preserve our historic nature and what really makes sense. We still need the Counties to hook up to the sewer line and this will still have to be in coordination with them. The concern is because the Counties have a lot of underutilized assets themselves including DOE (Department of Education) land that they will partner with the PLDC and make their own money as well. This is what we can all bring to the table and how can we help each other become more revenue generated.

The Senator related the Bill that the Senate works very different from the House and outlined how the DLNR transfers over property, but not any other agency. But, the broad powers as far as contracts and MOUs, other agencies will be able to use that as far as their planning to transfer to DLNR and for small boat harbors, State Parks and State facilities. Small boat harbors they've tried to develop marinas on the underutilized part and not necessarily the area that uses slips. State Parks, we've all seen Volcano National Park which is a private facility in a Federal Park and we have the same opportunity. The State facilities - the DLNR owns a lot of land all over the place including Downtown Hilo. This is an area where DLNR would revitalize main streets and help to focus development where it needs to be focused. Any property less than 200 acres can get transferred without the Legislature being involved. Every boat harbor is less than 200 acres and they would not really be involved and this is to let Departments figure out how they can best help each other to achieve a common vision to create some revenue. In regards to parks larger than 200 acres, they could limit transfer to less than 200 acres and the rest would be what it currently is. In his district, Haleiwa Boat Harbor is totally underutilized and needs lots of revenue. It's struggling and this is an opportunity for us. Ala Wai, Kewalo, and Honokohau which they talked about in this session he heard time again when people go to the pier in San Francisco or Seattle and say this is awesome, but we don't have anything similar to that in Hawaii and we are a water state. Hopefully, because of Act 55 they will get that moving. The whole emphasizes is the entire State becomes an equity partner. We own the land, we own the entitlements, you go build it, you operate it and you give us our cut so we can pay for other services that we are required to do by law. As an example, Mauna Kea State Park has 24 or 26 cabins and only 6 are in operation. A company could come in and create an eco-cabin system or lodge and it would become revenue generating.

Senator Delacruz said when he was on the City Council whenever a landowner needed a permit – SMA permit or an up zone – we’ve always put conditions on the land log like public access that there are bathrooms available 24/7 and to look out for the public interest. The same thing could occur here whenever the Department transfers the development and management rights of a property owner to the PLDC they could put conditions on the transfer. We want the parking lot open to the public 24/7. We want to make sure any facilities there the public will have access to commercial activity or the bathrooms. When we draft the law we always look at protecting the public’s interest and that DLNR could always make sure and figure out how they could get the potential partner to assist us with the kind of resources that we need. For instance, at the harbors or at Malaekahana we might want parking spaces or office space specifically for DLNR staff. The PLDC could work with the private sector partner in figuring out the profit sharing model so we can pay for all these different required activities. He referred to the Malaekahana and Yosemite slides that it’s a national trend all around the country in looking at how private/public partnerships is going to help provide not only recreational resources, but revenues for conservation. The Governor has a major initiative of watershed protection as we have a growing population we want to focus on the urban core and that this is extremely important, but we need the revenues to move forward. They are looking at PLDC to generate the committed funding for these kinds of programs. He doesn’t think this is a competing interest with what DLNR is trying to achieve. In fact, there are a lot of eco-camps in areas similar to watersheds that are creating revenues so they can protect that asset. This past year they did pass some clean-up language or legislation with the AG who has been extremely supportive and helpful in making sure this is getting off the ground and help DLNR and the State do what it needs to do.

The Senator said in regards to mass transit, the State owns 8 or 9 stations which he listed and the PLDC could assist any of those agencies in developing its lands so it can be revenue generating, increase density in the urban core and help create rider ship. A lot of attention has been placed on the corporations since they are like hybrids being different from any other agency because they are supposed to encourage moving Hawaii forward.

Lloyd Haraguchi, Director of the PLDC introduced Randal Ikeda a volunteer from Duane Kurisu and that is their staff right now. He thanked the Senator and others for the appropriations and is looking for 2 more people. They continue to have concerns from different groups out there from the public. Whether it’s a private developer or interested parties as far as developing and saying you guys don’t belong here kind of thing. He sees the momentum changing which is a positive message for us. We have a long ways to go, but they have the tools and working with the entire State in this way is going to be a task. They’ve gone out with the Senator to Honokohau Harbor. Maui a little bit, but there is so much activity right now. The park at Sand Island, the Marina and working with Chair Aila’s staff are tremendously helpful to us. It’s a long road ahead, but the expertise that we have on our Board and with the Land Board. He met with Member Pacheco and they had discussions with some development out there (Kona). Whatever we can do give us a call. We can come by talk story about your represented islands. We are beginning to meet with legislators and all interested people in the islands.

Senator Delacruz said that they did formal presentations with the Board of Regents, Board of Education, Kauai County Council, Mayor’s office of Hawaii County, Managing Director of County of Honolulu and are trying to do as much outreach ensuring some kind of partnership.

That first project is critical for us in setting the stage in allaying a lot of peoples' fears – the fear of the unknown. But, sticking with the status quo is even more scary because we need the revenue and we have all these unutilized assets that could create a lot of jobs. Not just for the private sector giving a fishing lodge as an example which would help revitalizes communities creating jobs and diversify the product of Hawaii. When you think of revenue sharing in Hawaii PLDC returns 85% of the State's profits back to the landowner to whatever project it gets. 15% will go to operational costs so that the Legislature doesn't have to make an appropriation. It can pay for itself. 85% goes back to DOE, Accounting, whatever it is so it really is a partnership. It is not a take over. It is all of us hopefully getting something out of this to make Hawaii better.

Chair Aila said Senator Delacruz's and Senator Solomon's vision in creating this is that the Board plays an active role in protecting the public's interest in transferring lands with conditions under PLDC be included in any development agreement and that is the role of the Board to continue advocating on behalf of the resources and the people of Hawaii. Senator Delacruz acknowledged that. You won't have the opportunity to fill a lot of these positions until we get this moving. The parking spaces, public access, conservation can be put in the MOA as part of the transfer to the PLDC.

Member Agor said he really likes the concept. Its good to utilize public land and get returns instead of raising taxes and this is a way to do that. He spoke with quite a few people about this and the only negative he got was is this a process to forgo an environmental assessment and EIS. Mr. Haraguchi said absolutely not. Member Agor said he advocated that and maybe it should be advocated more publicly to make it more clear. Senator Delacruz said the Board is going through its rules making process now and maybe they can clear that up. Mr. Haraguchi said we too had a lot of questions in regards to the protection, the cultural sensitivity and all that. Those issues we've addressed including 343 and the constitution, etc.

Member Gon said it seems you are getting a lot of attention to that. Clearly from the presentation that you gave part of the end fold of this is to enhance the protection of the natural resources by carefully studying what public lands have development potential and with a minimum of cultural and natural impacts. He loves the idea and this would be a good start in spreading the word on. There was mention of projects and he wondered whether there was a short list of potential projects. The Senator said if someone could distract the Governor from looking at every potential project they could chose one and get it started. This has allowed people to dream the potential for Hawaii. When you look at our infrastructure, with no offense, the boat harbors, our prisons, our airports, our schools are in terrible condition. We are not globally competitive at all. This is a vehicle we hope can get us there so we can create revenue and make the right investments. We are hoping the Board is able to transfer some of the leases that are not really consistent with the Board's mission such as the honey bee farmer who is on a month-to-month lease. If that were transferred over to the PLDC then he could have a long term lease and make the investments that he needs for his business. Month-to-month, how can you raise the state of business and help Ag, help protect the environment and help create value added products. That is the emphasis, but people have taken it to the other extreme and the public will have multiple times to participate. They would participate any time the transfer occurs between the Land Board and PLDC and anytime the PLDC has to act on a project. The public will get more than one board to testify at. It may be Board of Regents, Board of Education and they

could go twice, 3, 4 times and how the land is transferred through MOA is for every single board to determine on their own so they aren't micromanaging the process and hopefully they can get more comfortable with this.

Member Pacheco asked for the other State departments that have lands that find a use for this that those have been EOd by this Board at one time or another for specific purposes. If those entities decide to transfer those land to PLDC and PLDC is going to use it in a way that is different than what the purpose of the Executive Order was, does the EO have to be changed or how does that work legally? Deputy AG Linda Chow said we would have to go back out and amend the EO. Senator Delacruz said one more venue for the public to testify at. Member Pacheco said that would be another avenue to come back to the Board and we would be doing that at the same time with the transfer which is the same process. Ms. Chow acknowledged that. Mr. Haraguchi said because ultimately, the BLNR owns all the land. Ms. Chow said not all land.

Member Pacheco said he is excited by this that it's a great idea and hopefully it'll be executed because we need this. The resources of the State need a lot more money to prevent degradation. If we had world class trails, parks, facilities for our residents and our visitors.

Member Gon said it seems to him that a selection of a good inaugural project or transaction that demonstrates the potential that shows care and consideration of the natural and cultural resources and then start generating. We'll say why didn't we start this 20 years ago? Everybody will be watching. Senator Delacruz said that he and the Chair have gone to many talk stories about how about the harbor that we got to fix this or that and that goes back to why we need revenue. Every talk story people will want improvements, a lot of additions and there is no money. We have to create it because there is none.

Chair Aila thanked Senator Delacruz and Senator Solomon because this affords us an opportunity to begin to control our own destiny rather than go to the State Capitol to ask for money. The other way is to get it into a trust fund so the Legislature can't touch it. The Senator said the Stadium Authority asked how do we prevent it so that the Legislature cannot raid the money and the sum of the discussion was a lot of things will be debunked – designed to be built upward to be maintained and those funds would be spoken for. To go out and buy more land so that you will have to pay the bonds for the land. It's all spoken for. We are looking at this not just a way to increase revenue for operations, but to use the money to buy more land to purchase the watersheds, to purchase more beach front and that is what he hopes for.

Member Edlao said he thinks its exciting with the potential to generate funds because when the PLDC first came out people were asking what's going on. It's like anything. People are afraid and afraid of the unknown. Being that this is a new project to bring in revenue, adjustments will have to be made, but potential funds is exciting because we as the Land Board fine people and to go collect we fight those guys. My feeling is the current fees are way too cheap and we should be raising these things, but when they talk about it people complain. This is good and takes away from the Board that we're beating up the public and PLDC can take all the punishment.

Member Goode said he agrees with his fellow Board members. To offer the ability for entrepreneurs to have a place to go to we have some ideas and other folks have ideas. We need

entrepreneurs a place on the Board where entrepreneurs can come to who have capital and they have resources. Let's make a deal and that is where most bureaucracies have a hard time with managing everything else which happens a lot. Also, there are other rules and regulations that say "no, we are not going to do that" and recognize that as an impediment in getting things done. The same impediment exists in the private sector. In the long term, Senator, take a look at that. We clear the deck for ourselves, but the private sector on their own lands has the ability to generate more funds. Maybe after the process unfolds they start look at things and decided not to do those things. Do we really need those things for everybody else?

Senator Delacruz said it's tough. It's not easy even at the last session when the House tried to do 755 and got killed. When he went to the North Shore Neighborhood Board meeting they said they want improvements to the Haleiwa Boat Harbor, but we don't want 755 and he didn't understand that and asked what do you really want? Once we can show precedent that it is not bad, it's not scary and we need to make these improvements then we can get the public on board to help deregulate or re-structure government so we can assist the private sector as well. The Chair said if you regulate it the right way, and he thought his question was from the County direction, we have made a commitment to work with the counties. The Senator said there were 2 things that came up this session that he thinks PLDC hopefully will come up later – Kulani Prison to make it an eco-lodge and not a prison. The other one is the OHA settlement, the 200 acres. They all have to go to HCDA for permitting. If they work with PLDC the project fronts the zoning and the State could get 50% of the cut. It would be the opposite. There are potential for a lot of partnerships and revenue creation.

Mr. Haraguchi said in regards to the last statement Chair Aila made to input from the community and the public, he thinks that's big. One of the major concerns is you guys are going to by pass everything and build something on Diamond Head. But, having the Board members here as a sounding board for the public is very important because you are here to protect their interest and he is glad he brought that up and thanked the Board. The Senator said the Board can always suggest. Mr. Haraguchi thanked Ms. Chow and that she has been very helpful to us. Board member Gon commented that Land Board AGs are the best and Mr. Haraguchi agreed.

Chair Aila said this is working toward a more collaborative process without something like a commercial and falls in line with the Governor's directive to sort of reinvent government by having all this collaboration and discussion is really the way.

Item B-1 Request for Authorization to Enter into a Grant Agreement with the Conservation International, Hawaii Fish Trust for Partial Support for the Establishment of a Fisheries Enforcement Unit Initiative in the Main Hawaiian Islands to Improve the Health of Nearshore Ecosystems
SUBMITTAL TO BE DISTRIBUTED

Randy Awo representing Division of Conservation and Resources Enforcement (DOCARE) reminded the Board members of the previous submittal that they brought before under the Harold K.L. Castle Foundation and that today's request is to enter into a grant agreement with an additional funding source coming to us from the Conservation International Foundation (CIF) for partial support to establish fisheries enforcement units within the Main Hawaiian Islands. He

related that this is to launch a joint initiative to improve fisheries compliance within the Main Hawaiian Islands and listed those goals, discussions and recommendations from staff's submittal.

Jason Philibot representing Conservation International Foundation thanked the Board and Mr. Awo in supporting this effort. Their primary interest is seafood security where a major component is fisheries enforcement and interfacing with the community and working with the State at the same time. It is an honor to participate in this.

Member Agor asked suppose the west side community on Kauai wanted a Makai Watch Program out there. Could staff give the community a briefing? Mr. Awo said absolutely, they can and would be happy to do it. The Chair acknowledged that DOCARE has given those briefings before. He asked whether this is the first time CIF is assisting in Hawaii and the United States. Mr. Philibot said this is their first domestic program in the United States. They do a lot of work in the Pacific with similar efforts and that they see Hawaii as a gateway between what is happening in the U.S. and what is happening in the Pacific and to instill some of those efforts into Hawaii.

Member Pacheco said he is excited that CIF is in Hawaii and hopes they can help with the terrestrial issues also. Mr. Philibot said that the impendence came from The Nature Conservancy, the Castle Foundation and Hawaii Community Foundation to come here and start their programs and they look forward to that partnership.

Unanimously approved as submitted (Agor, Gon)

Item C-1 Request for Approval to Extend Access Restrictions to Portions of 'Āhihi-Kina'u Natural Area Reserve for a Period of Two Years from August 1, 2012 Through July 31, 2014

Paul Conry, Administrator for Division of Forestry and Wildlife (DOFAW) thanked Member Agor for his service. He briefed the Board on item C-1 that this temporary closure requires Board action. It is not a total closure since the parking area and surf spot will remain open. The original closure was put in place because of hard use and a public concern with the level of abuse. Staff was to develop a management plan, but stalled since the loss of staff. Also, the Army Corp of Engineers has a project to remove ordinance which is on-going. Mr. Conry asked to extend the closure an additional 2 years to complete that project. They are recruiting new staff to get the management plan completed. Bill Evanson, NARS (Natural Area Reserve System) manager from Maui was here to provide details of the management plan and Army Corp project.

Unanimously approved as submitted (Agor, Edlao)

Item D-3 Request for Approval of Special Installment Agreement for Payment of Retroactive Rent under General Lease No. S-4302 to Yamada Transfer, Inc. Waiakea, South Hilo, Hawaii, Tax Map Key: 3rd/2-2-037:089.

Mr. Tsuji wanted to make clear on the record that a 7% interest staff is asking that the Board impose on the installment agreement was previously approved by the Land Board on similar installment agreements where the arbitration took longer than anticipated. He related from the submittal about an appraisal done in 2009 and the re-opening was the following year, but didn't get the arbitration award until 2012. The newer forms require the Lessee to pay the higher rent to avoid these kinds of situations. If there is a dispute they are required to pay the higher rent.

Unanimously approved as submitted (Agor, Gon)

Item D-2 Grant of Term, Non-Exclusive Easement to the United States Department of Transportation, Federal Aviation Administration for Utility and Airspace Purposes For Its Doppler VORTAC Facility, Waiakea, South Hilo, Hawaii, Tax Map Key: 3rd/ 2-1-013: portion of 002.

Mr. Tsuji noted that the request from Land Division is for the lands under DLNR and not the other areas referring to the map.

Unanimously approved as submitted (Agor, Pacheco)

Item D-1 Amend Prior Board Action of January 13, 2012, Item D-4, To Add an Immediate Construction Right of Entry to the Grant of Perpetual, Non-Exclusive Easement to Kauai Island Utility Cooperative (KIUC) for Access and Utility Purposes Over Governor's Executive Order No. 97 to the County of Kauai, for Wailua Park Purposes, por. of Wailua, Lihue, Kauai, Tax Map Key: (4) 3-9-002:portion of 004.

Item D-4 Consent to Assignment of General Lease No. S-3980, Kewalo Holdings, Ltd, Assignor, to Synergy Ventures LLC., Assignee, Makiki, Honolulu, Oahu, Tax Map Key: (1) 2-4-029:066.

Item D-5 Consent to Mortgage, General Lease No. S-4886, Katherine K. Akana Uehara and Frank Kazuo Uehara, Sr., Lessee, Maunalaha, Honolulu, Oahu, Tax Map Key: (1) 2-5-024:026.

Mr. Tsuji had no changes to the rest of the items.

Unanimously approved as submitted (Agor, Goode)

Item E-1 Consent to Construct a Rain Shelter, General Lease S-97-01 (SP0006), Hawai'i Nature Center, Inc., TMK (1) 2-5-019-008 (por.), Makiki Valley State Park, Makiki, Honolulu, O'ahu

Dan Quinn representing State Parks Division conveyed some background on item E-1 indicating that the Hawaii Nature Center has a lease of a section of the valley and described the location of buildings from the map and that this request is to build a rain shelter further makai on the left

side of the road. Its construction will be similar to a hale tucked into a terrace. Also, this is one of the items exempt from 343.

Member Gon said that it will serve a variety of functions as well as a rain shelter. Mr. Quinn agreed and noted that this will be for elementary school kids.

Member Morgan said the Hawaii Nature Center provides a great service to the public and would like to see them get this structure. Mr. Quinn acknowledged that saying it is one of their more successful partnerships.

Member Gon said he likes the open halau design and it serves its purpose. Mr. Quinn confirmed that it is different from most rain shelters.

Unanimously approved as submitted (Agor, Morgan)

Item E-2 Request for Delegation to the Chairperson of Authority to Issue Notices to Proceed to Selected Bidder Regarding the Sale of Two (2) Concession Leases for Bays 1 and 2, Respectively, in Marina Complex Building "A", both at Smith's Motor Boat Services, Inc., Awarded after Sealed Bid Auctions for Business and/or Commercial Purposes; and

Rejection of all Bids for the Bay 3 Concession Lease to Marina Complex Building "A" upon the Sealed Bid Auction for Business and/or Commercial Purposes; and Request for Approval to Issue an Invitation for Bids for the Sale of the Bay 3 Concession Lease by Means of a Sealed Bid Auction for Business and/or Commercial Purposes, Wailua River State Park, Wailua, Kauai, Tax Map Key: (4) 3-9-004:010

Mr. Quinn informed the Board about item E-2 describing the commercial spaces on the right when you enter and the second is the restaurant. Three of the 4 commercial type spaces were vacant and staff put them out to bid and they received bids on all 3. Smith's Boats was the successful bidder on 2 of the spaces. There was an even tie on the third space. The other group was called Na Pali Outfitters and staff suggested going back out to bid on the tie. Both organizations qualify. Also, staff recommends delegation to the Chair with a notice to proceed and they will proceed to award 1 and 2 to Smith's Boats. And, they will re-bid and delegate to the Chair the authority to execute the bay.

Member Pacheco asked what he expects - whether to get a higher bid or what. Mr. Quinn said he wasn't sure because both bid \$6400 a year and 7% flat. Usually the percentage is the tie breaker if there is a tie on the fixed amount. Not sure what they will get this second time around, but they are concerned they would get into a protest issue and drag out longer than backing up and taking it to the start again. After Member Pacheco's inquiry, Mr. Quinn said they could just award by picking one or the other, but staff thought it was wise to just award the ones that are clear and revisit this one.

Member Edlao asked if it was possible to have a 3rd person come in and Mr. Quinn confirmed that it could attract more interest after it's gone out. Member Pacheco said to flip a coin. Mr. Quinn said they could pick one or the other where one is a much bigger corporation, but Na Pali has a million dollar provision and both qualify providing different kinds of activities and services. There are pros and cons of going either way.

Member Pacheco asked whether it's healthier to have 2 different entities instead of just one across the board to give different services to the community. Mr. Quinn acknowledged that was one of the pros and cons. It was simpler for us to work with one organization, but better perhaps to have competition and variety to have two different companies in there. It wasn't easy, but staff recommends going back out and try again.

Member Agor said knowing Kauai he recommended that we should go back out. There is too much talk about who you know. The Chair said to keep it transparent.

Member Pacheco asked how long does the process take. Steve Soares from State Parks said it takes about 3 months.

Member Pacheco asked whether Smith's will postpone getting anything going on what they have. Mr. Quinn said he wasn't sure.

Unanimously approved as submitted (Agor, Edlao)

Item L-1 Request Approval of Variance, Pursuant to Hawaii Administrative Rules Section 13-190.1-9, to (1) Change the Dam and Reservoir Annual Fee Deadline for the 2012 Calendar Year and to (2) Prorate and Reduce the 2012 Annual Fee to an Amount Equal to One Half the Amount Stipulated in the Hawaii Administrative Rules Section 13-190.1-52.

Member Goode recused himself from item L-1.

Carty Chang representing Engineering Division related some background on item L-1 noting that the Board has the ability to approve variances through the rules and the rules specify that the annual fee should be paid by the owner of the dam on or before December 31st of each year for the following year. The Board approved the Dam Safety Rules in November 2010 and the reason why it was only approved recently was the administration wanted staff to touch basis with the agricultural community and explain how the rules would be implemented. The rules were adopted this past February 2012. Because it was approved in February they couldn't invoke the December 31st deadline. The Dam Safety Program does not receive any general funds and was switched to special fund in 2009 where the Special Development Land Fund fully funds the payroll costs and the other expenses attached to the program required are insufficient. He asked the Board to approve the variance for 2 things: to revise the annual prepayment deadline for the 2012 calendar year from December 31, 2011 to July 31, 2012 because they are only looking at half the year. They asked to approve a variance reduce the fee to ½ the amount than what is specified in the rules for the second half of the 2012 calendar year.

Unanimously approved as submitted (Agor, Gon)

Item L-2 Declare Project Exempt from Requirements of Chapter 343, HRS, and Title 11, Chapter 200, Hawaii Administrative Rules for Job No. H87B836B, Kekaha Kai State Park, Entry Road Improvements, North Kona, Hawaii

Item L-3 Certification of Elections of Wesley Nohara and Jeffrey Rebugio as Directors of the West Maui Soil and Water Conservation District

Mr. Chang said he had no changes to items L-2 and L-3.

Unanimously approved as submitted (Agor, Edlao)

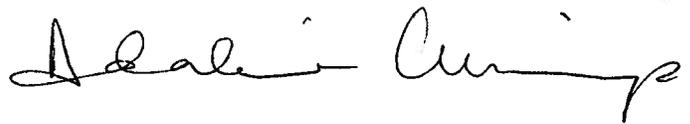
Item M-1 Authorization to the Department of Transportation to Lease a Road Remnant of Kauai Belt Road, Federal Aid Project No. BR-F-056-1(20), at Hanalei, Kauai, Hawaii, located at Tax Map Key: (4) 5-4-03: portion.

Unanimously approved as submitted (Agor, Gon)

Adjourned (Agor, Gon)

There being no further business, Chairperson Aila adjourned the meeting at 10:14 a.m. Recording(s) of the meeting and all written testimonies submitted at the meeting are filed in the Chairperson's Office and are available for review. Certain items on the agenda were taken out of sequence to accommodate applicants or interested parties present.

Respectfully submitted,



Adaline Cummings
Land Board Secretary

Approved for submittal:



William J. Aila, Jr.
Chairperson
Department of Land and Natural Resources