

STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES  
Land Division  
Honolulu, Hawaii 96813

January 23, 2015

Board of Land and Natural Resources  
State of Hawaii  
Honolulu, Hawaii

PSF#13MD-172

Maui

Mutual Cancellation of General Lease No. S-3857, Ms. Coila Eade, Lessee; Issuance of Direct Lease to Holani Hana, Inc. for General Agriculture, Education and Allied Purposes; and Consent to Sublease between Holani Hana, Inc., Lessee/Sublessor, and Ms. Coila Eade, Sublessee, for Residential Purposes, Papaauhau, Hana, Maui, Tax Map Key: (2) 1-4-003:001.

APPLICANT:

Holani Hana, Inc. a recognized 501(c)(3), a non-profit corporation, as lessee and sublessor, to Ms. Coila Eade, widow, as sublessee.

LEGAL REFERENCE:

Section 171-43.1 and 171-36(a)(6), Hawaii Revised Statutes, as amended.

LOCATION:

Portion of Government lands of Papaauhau, Hana situated on Maui, identified by Tax Map Key: (2) 1-4-003:001, as shown on the attached map labeled Exhibit A.

AREA:

5.20 acres, more or less.

ZONING

State Land Use District:      Agriculture and Conservation  
County of Maui CZO:        Agriculture and Special Management Area

TRUST LAND STATUS:

Section 5(b) lands of the Hawaii Admission Act  
DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: NO

CURRENT USE STATUS:

General Lease No. S-3857 for General Agriculture and Residential Purposes

Land Office Deed 28101 to Maui Electric Company, Ltd. for Utility Easement

PROPERTY CHARACTERISTICS:

<i>Utilities</i>	MECO electricity, County of Maui water meter, private cesspool
<i>Slope</i>	Gentle to steep slope as land approaches Hana Highway from the shoreline
<i>Elevation</i>	10 to 40 ft.
<i>Rainfall</i>	50 in. per annum
<i>Existing Improvements</i>	Single family residential dwelling, garage, traditional hale for gathering purposes, outdoor kitchen, earthen hula mound / stage, gazebo, fishpond, herb garden, fruit tree orchard  (Note: residential dwelling in Conservation District is permitted by CDUA MA-206)
<i>Access</i>	Staff has verified that there is legal access to the property off of Hana Highway
<i>subdivision</i>	Staff has verified that the subject property is a legally subdivided lot

PROPOSED LEASE CHARACTER OF USE:

General Agriculture, Education, Residential and Allied Purposes.

PROPOSED SUBLEASE CHARACTER OF USE:

Residential

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

In accordance with Hawaii Administrative Rule Sections 11-200-8(a)(1) & (4) and the Exemption List for the Department of Land and Natural Resources approved by the

Environmental Council and dated December 4, 1991, the subject request is exempt from the preparation of an environmental assessment pursuant to Exemption Class No. 1, that states "Operations, repairs or maintenance of existing structures, facilities, equipment, or topographical features, involving negligible or no expansion or change of use beyond that previously existing" and Class No. 4, that states "Minor alteration in the conditions of land, water, or vegetation."

TERM OF LEASE:

30 years

TERM OF SUBLEASE:

10 years

COMMENCEMENT DATE:

The first day of the month to be determined by the Chairperson.

ANNUAL SUBLEASE RENTAL:

Subject to fair market annual rent of "area-of-use" for residential purposes. The "area-of-use" by the sublessee shall be confirmed by the Maui District Land Agent and the fair market annual rent shall be determined by independent appraisal, subject to the review and approval by the Chairperson. 100% of the rent from the residential use shall be paid to the State of Hawaii, Department of Land and Natural Resources.

ANNUAL LEASE RENTAL:

\$480 plus applicable sandwich profits from sub-lease for residential purposes.

METHOD OF PAYMENT:

Semi-annual payments in advance.

RENTAL REOPENINGS:

At the 10<sup>th</sup> and 20<sup>th</sup> year of the lease term, by staff or independent appraisal.

PERFORMANCE BOND:

Twice the annual rental amount.

DCCA VERIFICATION:

SUBLESSOR

Place of business registration confirmed: YES  NO \_\_\_  
Registered business name confirmed: YES  NO \_\_\_  
Good standing confirmed: YES  NO \_\_\_

SUBLESSEE

Sublessee is an individual and is not required to register with DCCA

APPLICANT REQUIREMENTS

Applicant shall be required to:

1. Submit a house plan identifying the “area of use” (in square feet) to be encumbered by sublessee, Ms. Coila Eade, for residential purposes;
2. Pay for an appraisal to determine fair market rent for the residential use. 100% of the rent from the residential use shall be paid to the State of Hawaii, Department of Land and Natural Resources;
3. Submit an updated Conservation Plan;
4. Rectify existing improvements built within the Conservation District, that may not be covered by conservation permit MA-206, as may be needed;
5. Obtain and submit a bill of sale assigning existing improvements on the subject property from Ms. Coila Eade to Holani Hana, Inc.;
6. Submit annual program and financial reports that document on site activities and demonstrate how those activities benefit the public.

REMARKS:

*Background*

General Lease S-3857 was sold at public auction on August 17, 1964, and awarded to Leslie W. Eade and Coila I. Eade, husband and wife for an original term of 35 years. Lease was set to expire on August 16, 1999. The subject lease authorized the construction of a residential dwelling. In 1971 CDUA MA-206 was issued to allow for expansion of the existing residential dwelling to include an additional bedroom and a hobby room.

On April 5, 1987, Mr. Leslie Eade died. In hopes of continuing her residency on the property

Ms. Eade requested and was granted a 20 year extension to the original lease, by the Board at its April 23, 1999, meeting, under agenda item D-10, for a combined total term of 55 years commencing on August 17, 1999, and expiring on August 16, 2019.

During her time on the State property, Ms. Eade implemented her long-time goal of helping the Hana community by perpetuating education through hosting the practice of cultural Hawaiian activities on her leased lands. These activities included traditional building construction classes, hosted by well-known hale building master Francis Senenci; and the cultivation of traditional natural materials used in the classes and in actual hale design and construction. In hopes of continuing advancement toward this goal of community education, Ms. Eade helped to establish Holani Hana Inc., a non-profit corporation. Holani Hana is organized for the purpose of education and training in Hawaiian cultural practices for historical preservation and community development. The mission of Holani Hana is to maintain a cultural training ground featuring the ahupuaa concept and to service the local, statewide, and worldwide community through activities that foster education of arts and crafts, fishing, hale building, stonewall construction, hula, and planting native plants for preservation and utilization.

In 2010 Holani Hana Inc. was recognized to be exempt from federal income tax pursuant to 501(c)(3) of the Internal Revenue Code. Holani Hana is in position, with support from the existing tenant and overall community to take over the responsibilities of General Lease S-3857 from Ms. Eade. Improvements and lands are available for use by area residents and visitors who elect to participate in the training conducted by Holani Hana, Inc. A direct long term lease to Holani Hana, Inc. will facilitate acquisition of necessary grant funding currently pending approval from organizations such as the Office of Hawaiian Affairs, the Kamehameha School Cultural Education program and the State's Hawaii Tourism Authority.

This unique location situate along the very remote east Maui Hana coast over 50 miles from the urban centers of Wailuku and Kahului provides an educational resource opportunity that provides a vital link between the Maui community, its cultural traditions and perpetuation of native Hawaiian values.

#### *Sublease to Eade*

Ms. Coila Eade is in compliance with all terms and conditions of her general lease set to expire in 2019. She has been a model tenant over the years. Due to Ms. Eade's age, she is in favor of turning over the remainder of her existing lease term to Holani Hana Inc. in exchange for support from members of Holani Hana, Inc. who have committed to assist Ms. Eade in her remaining years. In gratitude for the many years of service Ms. Eade has provided to the Hana community, members agree to prudently maintain and up-keep her residence and to offer Ms. Eade solace in her remaining years by becoming a sublessee for residential purposes. Upon Ms. Eade's passing, her residence will be transformed into educational classrooms for use by program participants. Ownership of existing improvements is to be transferred from Ms. Eade to Holani Hana, Inc. via a bill-of-sale. Area of use for residential purposes via the sublease agreement shall be subject to fair-market-rent to be determined by independent appraisal.

*Proposed Uses by Holani Hana, Inc.*

Holani Hana Inc. is requesting to utilize the subject property for educational purposes relating to Hawaiian Cultural activities, such as hale building and cultivation of native plants, such as coconut and loulu palms, which are used for constructing haies. They also intend to establish a garden with plants such as taro and edible herbs which will help to supplement sustainable food choices for those using the property. In addition, the area would also be used as a site for educational activities and community member functions. Organizations that often visit the site include the Boy Scouts of America and students from Hana elementary and high schools.

Holani Hana Inc. has not had a lease, permit, easement or other disposition of State lands terminated within the last five years due to non-compliance with such terms and conditions.

The proposed use has continued since 1964 and will continue. Such use has resulted in no known significant impacts, whether immediate or cumulative, to the natural, environmental and/or cultural resources in the area. As such, staff believes that the proposed use would involve negligible or no expansion or change in use of the subject area beyond that previously existing.

RECOMMENDATION: That the Board:

1. Declare that, after considering the potential effects of the proposed disposition as provided by Chapter 343, HRS, and Chapter 11-200, HAR, this project will probably have minimal or no significant effect on the environment and is therefore exempt from the preparation of an environmental assessment.
2. Authorize the mutual cancellation of General Lease No. S-3857, Ms. Coila Eade, Lessee, covering the subject area under the terms and conditions cited above, which are by this reference incorporated herein and further subject to the following:
  - A. The standard terms and conditions of the most current mutual cancellation lease document form, as may be amended from time to time;
  - B. Review and approval by the Department of the Attorney General; and
  - C. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.
3. Subject to the Applicant fulfilling all of the Applicant requirements listed above, authorize the issuance of a direct lease to Holani Hana, Inc. covering the subject area under the terms and conditions cited above, which are by this reference incorporated

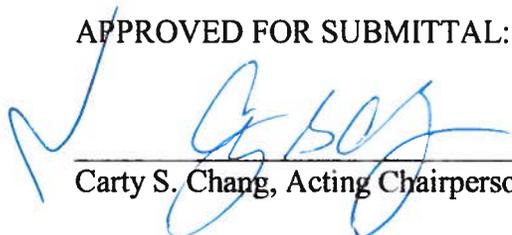
herein and further subject to the following:

- A. The standard terms and conditions of the most current non-profit lease document form, as may be amended from time to time, with a special provision providing that 100% of the rent from the residential use shall be paid to the State of Hawaii, Department of Land and Natural Resources;
  - B. Review and approval by the Department of the Attorney General; and
  - C. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.
4. Consent to the sublease between Holani Hana, Inc., as Sublessor, and Ms. Coila Eade, as Sublessee, for residential purposes, subject to any applicable conditions cited above which are by this reference incorporated herein and further subject to the following terms and conditions:
- A. The Lessee shall submit a copy of the sublease agreement to the Land Division within six months of this Board action;
  - B. The standard terms and conditions of the most current consent to sublease form, as may be amended from time to time;
  - C. Review and approval by the Department of the Attorney General; and
  - D. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully Submitted,

  
\_\_\_\_\_  
Daniel Ornellas  
District Land Agent

APPROVED FOR SUBMITTAL:

  
\_\_\_\_\_  
Carty S. Chang, Acting Chairperson



**STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES  
LAND DIVISION**

POST OFFICE BOX 621  
HONOLULU, HAWAII 96809

January 23, 2015

**EXEMPTION NOTIFICATION**

regarding the preparation of an environmental assessment pursuant to Chapter 343, HRS and Chapter 11-200, HAR

**Project Title:** Mutual Cancellation of General Lease No. S-3857, Ms. Coila Eade, Lessee; Issuance of Direct Lease to Holani Hana, Inc. for General Agriculture, Education and Allied Purposes; and Consent to Sublease between Holani Hana, Inc., Lessee/Sublessor, and Ms. Coila Eade, Sublessee, for Residential Purposes.

**Project / Reference No.:** PSF No. 13MD-172

**Project Location:** Papaauhau, Hana, Maui

**Project Description:** Mutual Cancellation of General Lease No. S-3857, Ms. Coila Eade, Lessee; Issuance of Direct Lease to Holani Hana, Inc. for General Agriculture, Education and Allied Purposes; and Consent to Sublease between Holani Hana, Inc., Lessee/Sublessor, and Ms. Coila Eade, Sublessee, for Residential Purposes.

**Chap. 343 Trigger(s):** Use of State Lands in the Agriculture and Conservation District

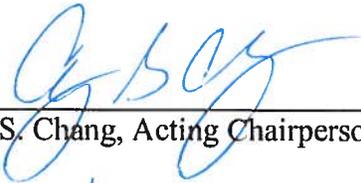
**Exemption Class No. and Description:** In accordance with the "Division of Land Management's Environmental Impact Statement Exemption List," approved by the Environmental Council and dated April 28, 1986, the subject request is exempt from the preparation of an environmental assessment pursuant to Exemption Class No. 1, that states: "Operations, repairs, or maintenance of existing structures, facilities, equipment, or topographical features, involving negligible or no expansion or change of use beyond that previously existing."

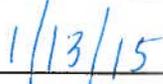
**Consulted Parties:** The Office of Conservation and Coastal Lands was consulted. CDUA-MA-206 encumbers the subject premises. OCCL staff determined that because no new uses are proposed within the

conservation district; this action is therefore exempt from Chapter 343.

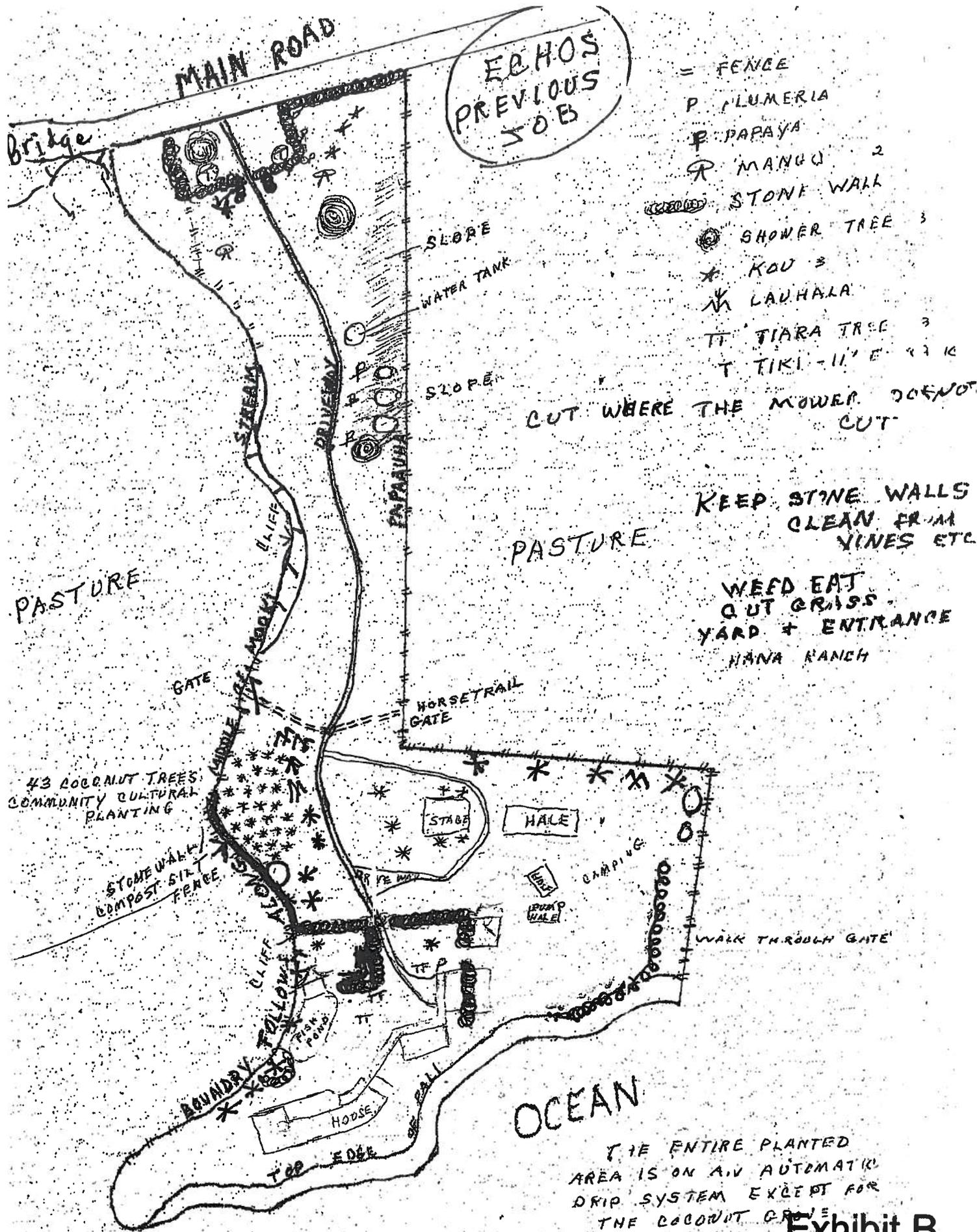
Recommendation:

It is anticipated this project will probably have minimal or no significant effect on the environment and is presumed to be exempt from the preparation of an environmental assessment.

  
\_\_\_\_\_  
Carty S. Chang, Acting Chairperson

  
\_\_\_\_\_  
Date





ECHO'S  
PREVIOUS  
JOBS

- = FENCE
- P PLUMERIA
- P PAPA YA
- R MANGO 2
- STONE WALL
- SHOWER TREE 3
- \* KOU 3
- LAUHALA
- TI TIARA TREE 3
- T TIKI - 11' E 3 1/2 K

CUT WHERE THE MOWER DOES NOT CUT

KEEP STONE WALLS  
CLEAN FROM  
VINES ETC

WEED EAT  
CUT GRASS  
YARD + ENTRANCE  
HANA RANCH

THE ENTIRE PLANTED  
AREA IS ON AN AUTOMATIC  
DRIP SYSTEM EXCEPT FOR  
THE COCONUT GROVE

Exhibit B